

JPRS-WER-87-017

5 MARCH 1987

# West Europe Report

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS-WER-87-017

5 MARCH 1987

## WEST EUROPE REPORT

### CONTENTS

#### POLITICAL

##### FINLAND

Time for Content Questions in Election Campaign (HELSINGIN SANOMAT, 4 Nov 86).....	1
Center Party To Face Issue of Vayrynen Leadership Continuation (POLITIIKAN PUNTARI, No 3, 1986).....	3
Center Party Seen Lacking in Ideological Commitment (Timo Laaninen; POLITIIKAN PUNTARI, No 3, 1986).....	11
Ligachev Sees SDP as Leader in Foreign Relations (Unto Hamalainen; HELSINGIN SANOMAT, 31 Oct 86).....	18
Norwegian Book: Authorities Played Down Soviet Cruise Warning (UUSI SUOMI, 22 Dec 86).....	22
<b>Briefs</b>	
Border Guard Acquires Helicopter	24

##### GREECE

Mayor Evert Seen at Odds With Party Leadership (I AVCI, 11 Jan 87; EMBISTEVTIKO GRAMMA, 8 Jan 87).....	25
Evert on Own Beliefs, Theories, Miltiadis Evert Interview	25
Negative Reaction	30

Papandreou Strategy Seen Favoring Family Succession (EMBISTEVTIKO GRAMMA, 8 Jan 87).....	31
'Myths' of Turkish Importance Viewed Skeptically (Rodolfos Moronis; I VRADYNI, 14 Jan 87).....	32
Cooperation With Israeli Mossad Organization (PONDIKI, 6 Feb 87).....	34
<b>SWEDEN</b>	
November Poll Indicates Little Change in Voter Preferences (DAGENS NYHETER, 18 Dec 86).....	36
Effect of Bildt Weighed, by Dick Ljungberg SDP Gains in Cities, by Sven Svensson Paper Comments on Poll, Editorial	36 37 39
Conservatives' Grand Old Man: Carlsson More Socialist Than Palme (Gosta Bohman; SVENSKA DAGBLADET, 31 Dec 86).....	41
<b>ECONOMIC</b>	
<b>FINLAND</b>	
Role of Finnish, Soviet Joint Commissions in Bilateral Trade (Ari Salminen, Soili Haarala; POLITIIKKA, No 2, 1986)...	48
<b>GREECE</b>	
Spectrum of EEC Membership Evaluated (D. Stamboglis; TO VIMA, 1 Feb 87).....	68
Low Level of Economic Relations With Arab Countries (I VRADYNI, 9 Jan 87).....	73
Statistics Show Lower Inflation Rate (I KATHIMERINI, 14 Jan 87).....	74
Briefs	
Foreign Investments for 1986	76
<b>SPAIN</b>	
National Economic Situation Reviewed in Light of EEC Membership (Thierry Maliniak; LE MONDE, 6 Jan 87).....	77

Document Proposes Increased Assistance to Latin America (EL PAIS, 14 Jan 87).....	81
--	----

## MILITARY

### EUROPEAN AFFAIRS

Peace Researcher Wilhelm Agrell on Defense Threat Increase (Wilhelm Agrell; DAGENS NYHETER, 18 Dec 86).....	83
--	----

'Franconian Shield' Presages Future Franco-German Maneuvers (Walter Stratmann; TRUPPENPRAXIS, Nov, Dec 86).....	88
--	----

### FINLAND

Armed Forces Commander Valtanen Warns of Funds Shortage (Jaakko Valtanen Interview; SUOMEN KUVALEHTI, (19 Dec 86).....	91
--	----

### FRANCE

Isnard Examines Crisis in Defense Industries (Jacques Isnard; LE MONDE, 31 Jan 87).....	101
--	-----

Varied Industry Response Giraud Faults Lack of Aggressiveness	101
	102

### GREECE

Politicization of Air Force Alleged (I KATHIMERINI, 30 Jan 87).....	104
--	-----

VAT Applied to Military Equipment Purchases (EMBISTEVTIKO GRAMMA, 8 Jan 87).....	106
---	-----

### SPAIN

Military Service Regulations To Achieve Operational Improvement (Carlos Yarnoz; EL PAIS, 12 Jan 87).....	107
---	-----

### SWEDEN

Merchant Ships of East Bloc States Seen Conducting Espionage (Lars Christiansson, et al.; SVENSKA DAGBLADET, 2 Jan 87).....	109
---	-----

**ENERGY**

**SWEDEN**

**Energy Agency Chief: Increased Power Consumption Causes Concern  
(Sophie Petzell; SVENSKA DAGBLADET, 5 Jan 87)..... 113**

**/12223**

**TIME FOR CONTENT QUESTIONS IN ELECTION CAMPAIGN**

Helsinki HELSINGIN SANOMAT in Finnish 4 Nov 86 p 2

[Text] The political debate on the postelectoral government coalition has recently under the circumstances been unusually colorful, even heated. Objectively viewed, it is largely a matter of political entertainment. Fortunately, not a single politician here among us in his right mind is about to say anything about the government coalition that would commit himself before the elections.

The fact that for the first time in a long time there seem to be at least chances for alternatives in the ossified political coalitions of "our alternativeless democracy" has added to the entertainment value of the debate. Unfortunately, however, the debate has remained at the level of an SPD show in terms of content.

A month and a half ago Conservative Party chairman Ilkka Suominen was ready to march his troops across Pitkansilta and offer his party's status as a great conciliator between employers and wage)earners. Social Democrats as well as Communists would be suitable as coalition partners in this confrontation.

Since the talk of signs of billing and cooing between the SDP and the Conservative Party had stirred things up at the time, Suominen can for reasons of election tactics occasionally withdraw and brand a Conservative)Left government an absurd idea, as he did in a HELSINGIN SANOMAT interview. One of the rules of the basic election campaign is that one scarcely believes that he means quite what he says.

Up to now SDP chairman Kalevi Sorsa has considered a government coalition with the Conservative Party to be s somewhat unnatural alternative. When Center Party (KEPU) chairman Paavo Vayrynen began to furtively cast about for an alternative to Center)Left and popular front coalitions in the Right, Sorsa realized that unnatural and natural are relative concepts in politics too.

The Social Democrats and the KEPU have drifted into a quarrel over which of the two has gone how far to the Right. So far the quarrel has not attained a very high idealistic level since conservatism as a yardstick is used close to the ground on the road and in the ditch on the right side of it.

It is probably pointless of us to demand idealism in a politicians' debate, even just before the elections. There does not seem to be the intellectual readiness nor even a public demand for it. The parties are so tightly grouped into a Center without ideals that they may really be regarded as being on the same starting line when engaging in negotiations for forming a government. In this crowded situation, on the one hand, even small movements may be branded as shifting to the edge of the ditch.

The debate that was engaged in was not useless despite some disagreeable aspects. Now, however, would be the time for the parties to shift silently to the content questions of the election campaign that has been set in motion. If and since searching for ideological differences cannot interest people, let us tackle the concrete issues. Let us do so observing the rules of fair play.

Instead of playing perpetual games with the government, there is reason for the parties to talk about the substance of policy: to offer their own alternatives in the discussion on the Soviet trade, agricultural overproduction, the direction energy policy should take, the content of marginal tax reform, day care for children, the privatization of services, unemployment, etc.

The self-evident fact that, especially with the approach of elections, the parties' most important task is to present voters with the controversial issues and their own proposals to resolve them is much too easily forgotten. The time for negotiations on the [composition of the] government will then be after the elections.

11,466  
CSO: 3617/20

**CENTER PARTY TO FACE ISSUE OF VAYRYNEN LEADERSHIP CONTINUATION**

Helsinki POLITIIKAN PUNTARI No. 3 86 in Finnish pp 18-20

[Article: "Towards 1988 Party Convention"]

[Text] Major decisions concerning the party leadership are not likely to be made until the party convention of 1988. On that occasion, a new chairman will probably be elected for the party and considerable changes will be made in the party leadership. For example, the position of the party secretary might be open, provided that the current party secretary, Seppo Kaariainen, manages to win a seat in the parliament and further manages to succeed Paavo Vayrynen as chairman.

All this depends on whether the present party chairman, Paavo Vayrynen, will have guaranteed his position as prime minister and will have been successful enough in the presidential election of 1988.

These plans for leadership positions will be confirmed in the Center Party convention in Lappeenranta in the summer of 1986. The decisions made in this coming convention will have to be viewed as starting positions for the decisions which will be made in 1988.

**Party Convention of 1986 to Be Perfunctory**

The most important decisions to be made in the party convention in Lappeenranta in mid-June have been well prepared in advance.

The most prominent issue in the convention will be the appointment of the party chairman, Paavo Vayrynen, to be the party's presidential candidate. The appointment is likely to be unanimous—considering the effort that has been put into it during the past ten years.

Also, all potential contestants have stepped aside in due time: Ahti Pekkala was appointed governor of Vaasa Province. Dr. Ahti Karjalainen is a pensioner, fired from his position as chairman of the Bank of Finland. Dr. Johannes Virolainen lost his seat in the parliament. Dr. Keijo Korhonen was appointed ambassador to the United Nations. The position of Olavi J. Mattila, the former full-time chairman of the boards of Enso Gutzeit Oy and Valmet Oy, is even weaker.

As regards Heikki Haavisto, chairman of MTK [Agricultural Producers Association], the process did not even begin.

Consequently, Paavo Vayrynen will be unanimously elected the presidential candidate, according to the proposal made by the party delegation in its meeting in Turku in April.

#### Who Will Be Prime Minister in 1987?

It seems that there will be a duel between Center Party chairman Paavo Vayrynen and present Prime Minister Kalevi Sorsa over the position of the prime minister in the new cabinet which will be formed after the parliamentary elections of 1987.

The social democrats and particularly SKDL [Finnish People's Democratic League] are expected to suffer considerable losses in the parliamentary elections of 1987. According to polls, the current support for the leftwing parties is only 36 percent. The share of the social democrats is 24 percent of this total and that of SKDL, which has split into two electoral alliances, is 12 percent. As a result of the split within SKDL, the number of seats of the leftwing parties will proportionally decrease even more.

What this means is that Kalevi Sorsa's possibilities to become prime minister after the parliamentary elections of 1987 are considerably weakened even though the person forming the cabinet will be appointed by President Mauno Koivisto. In addition to the cabinet coalition, the actual big contest will be about the position of prime minister, taking the next presidential elections into consideration.

Another issue, which is already being discussed, is the cabinet coalition. In other words, will the cabinet coalition consist of the present parties in the cabinet, social democrats and the Center Party, or will the Conservative Party be included in the cabinet as the third major party or together with either the Center Party or the social democrats.

There is already speculation about this triangle. In addition to the position of the prime minister, also the minor cabinet positions will be subject to speculation during the coming winter season.

If the current polls reflect the results of the parliamentary elections in 1987, the strength of the social democrats is not sufficient to obtain the prime minister's position in the joint cabinet of the Center party and the social democrats. In that case, the obvious choice will be Paavo Vayrynen.

This prospect may tempt the social democrats to offer cabinet cooperation to the conservatives. Having been in the opposition for over 20 years, the Conservative Party's price for being included in the cabinet is sure to be low. In order to get into the cabinet, the Conservative Party is likely to accept Kalevi Sorsa as prime minister.

What would be the position of the Center Party in this situation, either as a minority participant in the cabinet formed by the three major parties or altogether in the opposition?

The situation of the Center Party in the opposition would be new since the beginning of the 1970's when the country had a democratic minority cabinet with an unscrupulous appointment policy. Being in the opposition would certainly not be a desirable situation considering the party's influence and support. At least not as a long-term prospect, lasting throughout the entire election term. A good example of this is the diminished support for Sweden's Center Party during its period in the opposition. The Center Party simply is not an opposition party by nature.

In order to prevent this democratic-conservative cabinet coalition, the Center Party has to consider the possibility of cabinet cooperation with the Conservative Party. At least, if the joint cabinet of the social democrats and the conservatives seems a realistic alternative.

#### Party Convention of 1988 to Change Party Leadership

In the party convention of 1988, the Center Party is likely to change its chairman.—This, provided that Paavo Vayrynen considers his position secure enough and, on the other hand, can guarantee that the new chairman will be loyal enough towards him.

Giving up the party leadership in 1988 or no later than in the party convention of 1990 is an important decision for Paavo Vayrynen, considering the presidential elections of 1994, in which the incumbent President Mauno Koivisto is not likely to be available.

Rising to be the joint candidate of the non-socialist front is certainly easier for an experienced politician acting as prime minister than for somebody with the burden of some particular party's chairmanship.—This would be the case particularly if the Conservative Party would have managed to get into the cabinet and potential presidential candidates would have had time to mature within the party, as well as in the eyes of the public.

For 20 years the Conservative Party has not had a chance to have its own men in the cabinet or, consequently, in prominent positions earning their credentials to become presidential candidates. For this reason, for example Harri Holkeri, M.A., was not a sufficiently credible presidential candidate in the latest elections; and neither would Ilkka Suominen, the present chairman of the Conservative Party, be one without a prominent position as a minister.

Of course these prospects will be, to some degree, affected by the results of the presidential elections of 1987 [Translator's comment: obviously should be 1988], in other words, how many votes Koivisto will be able to get. According to polls, the support for Koivisto has continued to decrease, particularly among the rightwing groups who supported him in the last presidential elections. This is obviously a result of the emergence of Koivisto's social-democratic views in several issues. On the other hand, Koivisto's relatively low profile may have proven to be disappointing.

More and more people have started to miss the firm and secure hand of Urho Kekkonen in the rudder of the republic. While our country's economic development, as a result of the cut in our CMEA trade due to the decrease in

oil prices, will deteriorate in the next few years, this will entail more dissatisfaction and firmer measures will be expected from the president as well as from the cabinet of the republic.

#### People to Be Chosen in 1988

The choices made in the party convention of 1986 will form the foundation for the actual major choices in 1988.

In 1980, Paavo Vayrynen, a then long-time vice chairman, became party chairman and, by a narrow margin, defeated the incumbent chairman Johannes Virolainen. A similar process took place in 1964 when the then current vice chairman of the party, Johannes Virolainen, defeated the incumbent chairman, J.V. Sukselainen, by a narrow margin. Thus the Center Party has twice elected an incumbent vice chairman to be its chairman and on both occasions it has happened by a narrow margin, against the wishes of the incumbent chairman.

Paavo Vayrynen must have studied the Center Party history closely and he must have made a note of this tradition. On the other hand, it is obvious that Vayrynen will try to avoid a similar chain of events.--Of course, it is possible to be prepared for that, so that the people who can become potential threats to the incumbent chairman will not be elected into the party leadership.

On the other hand, it is important that, when a new chairman is needed, one has his own man for the position.--This has been the traditional practice in the social-democratic movement, where the party chairman has determined the party's highest leadership, among them the party secretary as well as his own successor. This is what happened, for example, when Paasio chose Kalevi Sorsa, first to be a party secretary and then to succeed him as party chairman.

But the Center Party, consisting of more individualistic people, has not accepted these social-democratic practices, at least not until now. The party chairman is elected by vote in the party convention, after tough campaigning.

#### Who Is to Be New Party Chairman in 1988

Currently, the strongest candidate for the party chairmanship probably is the present party secretary Seppo Kaariainen, M.A. in political science. He is probably also party chairman Paavo Vayrynen's choice as his successor. This fits into the picture, since this pair has used the power together in the Center Party for six years. This smooth cooperation can be expected to continue also in the future, since, at least in the near future, Kaariainen probably cannot see possibilities for himself to defeat Paavo Vayrynen in the final contest—for example, in the fight about the party's new presidential candidate in the elections of 1994 or candidate for prime minister.

However, Kaariainen's burden is his long career in the party office. So far, the Center Party has not elected its chairman from the party office. On the other hand, the social democrats chose their present chairman, Kalevi Sorsa, from the position of the party secretary. Also the Conservative Party found its chairman, Harri Holkeri, in the party office.

Seppo Kaariainen's possibilities to become the party chairman would be improved by a couple years as a full-time member of parliament and, if possible, also as a prominent minister.

However, the timing of the situation will be somewhat affected by what kind of a civilian job Paavo Vayrynen is able to find for himself. The Center Party seat in the board of directors of the Bank of Finland is currently occupied by Esko Ollila. In order for Vayrynen to obtain this position, Ollila has to agree to take some other position. However, it seems that Ollila is quite satisfied with this position, which is probably the best Center Party mandate in the country, and therefore he was not willing to transfer to the position of the director general of OKO [Central Bank of Cooperative Banks]. Neither is Ollila likely to agree to being appointed the director general of Postipankki [Post Office Bank]. Therefore, the leadership of Postipankki will obviously go to the social democrats, either to Seppo Lindblom or Ulf Sundqvist, the present director general of Tyovaenpankki [Workers Bank] when the present director general of Postipankki, Heikki Tuominen, who is close to the democrats, retires in a couple of years.

#### Tough Vote on Vice Chairman in 1986

In the party convention of June 1986, two vice chairmanships will be open, when Ahti Pekkala and Marjatta Vaananen make room for their juniors. The resignation of Ahti Pekkala, who was appointed governor of Oulu Province, is certain; Marjatta Vaananen, on the other hand, may consider her possibilities to continue, justifying her decision with the very young party leadership.

The leadership of the Center Party has kept a close eye on the situation for the vice chairmanship and tried to create the election structure in such a way that competing, independent alternatives would not be formed for the party convention of 1988. Only completely loyal persons, or persons who cannot be considered when electing a new party chairman, are alternatives.

In practice, when electing the three vice chairmen, the traditional farmer vice chairman's position will remain with Martti Pura, elected in the previous party convention. There seems to be no serious contestant for him.

But the situation of the female vice chairman is less clear. Hannele Pokka, licentiate of jurisprudence from Lappi, who inherited the chairmanship of the women's organization from Marjatta Vaananen, seems a strong candidate.—This is the case after Eeva Kuuskoski-Vikatmaa, minister of social affairs and health, turned down the vice chairmanship candidacy. The third potential woman candidate for this position is a member of parliament from northern Bothnia, Tytti Isohookana-Asurmaa, Ph.D. The final competition about the position of the female vice chairman is likely to take place between these persons.

#### Finding Successor for Ahti Pekkala Creates Problem

On the other hand, filling the position of Ahti Pekkala, the vice chairman responsible for the party's economic policy and programs seems considerably more difficult. There is no obvious potential candidate.

The party's two leaders seem to favor Esko Aho, M.A. in political science, a member of parliament from central Bothnia, who was chairman of NKL [Young

Center League] when it was vigorously promoting Paavo Vayrynen as the party's chairman during the second half of the 1970's. Subsequently, Aho was Paavo Vayrynen's political secretary for a long time.

However, there are numerous other official proposals for the position of a vice chairman. The district of Central Finland proposes its chairman, Mauri Pekkarinen, member of parliament; Juhani Tuomaala, member of parliament, is proposed by his own local organization from southern Bothnia. Kari Hokkanen, Ph. D., editor-in-chief of ILKKA, from Bothnia has also been proposed.

Also in the metropolitan area there is an overflow of candidates. The small district of Helsinki proposes as vice chairman Juha Pentikainen, professor of theology, who is also supported by the Laestadian movement from northern Bothnia; Espoo's local organization proposes Markku Nurmi, vice chairman of the Helsinki district and chairman of the economic commission of the party delegation. The third candidate from southern Finland that has been brought up is Kauko Juhantalo, chairman of the parliamentary group and an attorney from Satakunta. Also other names have appeared at the local level.

The idea that the vice chairmanship could either consist of two women or else one could be a representative of the southern electorate has been relatively widely supported. Among others, the district of northern Bothnia considered that one vice chairman should be from some southern center of population. However, northern Bothnia did not give recommendations about the person.

Another important issue, when choosing the top leadership of the party, is the continuation of the leading role of Ahti Pekkala's economic policy. In practice, economic policy is the most important separate sector in the administration of the republic. More than half of the cabinet's practical decisions are more or less concerned with economic policy issues.

Particularly now that the Center Party's position in the actual economic administration has essentially weakened, in the Ministry of Finance as well as in the Ministry of Trade and Industry,—substantial economic-policy expertise would be needed in the party leadership, so that the social-democratic lead in the economic policy would not become even stronger.

#### What about Party Secretary

In the 1986 party convention, Seppo Kaariainen is likely to be elected to continue as party secretary. In the parliamentary elections of 1987, Kaariainen will most likely be elected as member of parliament from the electoral district of Kuopio. However, Kaariainen may not want to continue as party secretary much longer. It is not according to the traditions of the Center Party to rise from the position of a party secretary to be the party chairman. However, if Vayrynen gives up his chairmanship as early as 1988, Kaariainen may have to become a candidate for the party chairman. One possibility, for example, would be to resign during the term and become a minister.

The party secretary who will succeed Seppo Kaariainen is still unknown even though, in smaller circles, there must have been speculations for a long time.

### Party Convention Facing Policy Choices

When the party convention of the Center Party re-elects the party leadership in Lappeenranta, it is necessary to see the preliminary line-up for the next round.

In other words, what kind of party leadership is wanted after Vayrynen. What kind of people are desirable, what kind of party profile is to be expected, what kind of profile can guarantee the support for the party and, if possible, even expand it in the party's potential areas, i.e. in the population centers of southern Finland, among women and young people.

Southern Finland has relatively large groups of transient voters. On the other hand, among the traditional farming population and in developing regions the party's support is already so high that it is not reasonable to demand its growth. And it would probably be impossible, due to the unfavorable age structure.

Another essential issue for the internal activity of the party is the question of what type of party leaders are wanted. Are skillful cabinet politicians desired.

Or do we want more people who are willing to listen to the official decision making authorities of the party: party convention, party delegation, party administration and the parliamentary group.

### Potential in Organizational Machinery and Press

The position of the Center Party has essentially changed since Kekkonen became ill. The leadership of foreign policy has, to a large extent, been transferred to the social democrats who have the president, a prime minister who is active in foreign policy issues, a foreign trade minister and the main share of the cabinet machinery addressing the issue. The only foreign policy mandate of the Center Party is the position of the minister of foreign affairs, which is largely dependent on the president's will.

Since the social democrats have even occupied the country's administrative machinery and also the labor market machinery is still traditionally governed by the social democrats, through SAK [Central Organization of Finnish Labor Unions], this means that the Center Party cannot govern the societal development or the choices of people from the top down to the extent that was the case in the 1960's and 1970's.

Compared with other parties, the special resources of the Center Party are the best and biggest organizational machinery in the country. After all, the Center Party has nearly 300,000 members. The social democrats and the conservatives have only one third of members compared with the Center Party.

Also, the Center Party has an active provincial press, through which the party can express its opinions in the provinces, but not in the large population centers of the south. They are dominated by HELSINGIN SANOMAT, TURUN SANOMAT, AAMULEHTI, ETELA-SUOMEN SANOMAT, Satakunnan KANSA and of course, radio and television.

Therefore, it would seem natural that in the future the Center Party would depend more on the strength of its own membership since it is a special resource of the Center Party compared with the other major parties.

In other words, the organizational machinery has to be straightened out and the party's normal ways of action must be reactivated.

#### Strength in Center Ideology

Another powerful feature of the Center Party is the party's ideological strength. Center party ideas have proven to be long-lasting and timely even in today's industrial society. The party's ideological policy continues to be strong and pleasing to the majority of the population. Therefore, both the social democrats and the conservatives have attempted to enter the traditional ideological areas of the Center Party, and the new ideological power, "Green Movement," is starting from the same ideological starting points as the Center Party.

In the future, the Center Party should have more faith in the strength of its own ideology in practical actions.

However, today practical actions and political principles have grown far apart among the Center Party people and the social democrats, both of whom have exercised practical politics in our republic. The situation of the communists is next to pitiful because of their internal struggle, and the conservatives have lacked credibility due to their long term in the opposition.

Also the Center Party has frequently lacked sufficient credibility. Too often personal policy issues have been the most noticeable. The Center Party should considerably strengthen its ideological credibility with practical actions since, at the ideological level, we are stronger than the other major parties. As such, the existing Center ideology is good, it does not need to be completely changed, which has happened more than once in the course of history, for example among the social democrats and the conservatives.

12956  
CSO: 3617/40

**CENTER PARTY SEEN LACKING IN IDEOLOGICAL COMMITMENT**

Helsinki POLITIIKAN PUNTARI No. 3 86 in Finnish pp 8-10

[Article by Timo Laaninen: "A New Vayrynen is Needed Now"]

[Text] "An ideological outlook is almost completely lacking in our party's practical politics."

"Ideological deterioration has recently lead to the borderline of our politics on the right becoming obscured."

"In practical politics, our political power is not used in conformance with our ideology in the best possible way; instead, we are tinkering with secondary issues."

"Therefore, under the current circumstances, I consider it useless to continue the efforts to influence the party politics in the position of a vice chairman. I would only be forced to defend a platform which, deep down, I do not consider right. I believe that, in the present circumstances, I can work more efficiently for my social conviction with other means."

You guessed wrong. Martti Pura has not gone crazy. And neither is the issue that Ahti Pekkala or Marjatta Vaananen would have decided to reveal to POLITIIKAN PUNTARI the real reasons for resigning from their positions as vice chairmen in the Center Party.

The quotes above have been taken from a speech which Paavo Vayrynen gave in the Center Party convention in 1973. The speech was quite a sensation.

In SUOMENMAA, which is the party's main supporter, a columnist, writing under the pseudonym "Kessu-Pekka"—who turned out to be the paper's editor-in-chief Pentti Sorvali—did not particularly like Vayrynen's speech. "He is not—even though he is young—a newcomer from whom one can expect and from whom one can tolerate just anything."

It was understood that the object of Vayrynen's criticism was the then current Center Party chairman, Johannes Virolainen. In the dispute, the main supporter clearly sided with Virolainen. After Kessu-Pekka's article on Tuesday, the issue was taken up again on Wednesday, 5 December 1973, in a follow-up

article. According to it, "...the claims about the party's lack of ideology, toothlessness and lack of policies cannot be considered justified."

The press of the capital saw Vayrynen's speech as pure personal politics. According to HELSINGIN SANOMAT, the speech signified the beginning of the chairmanship battle in the Center party. UUSI SUOMI suspected that the aim was the presidential elections. "That is why vice chairman Paavo Vayrynen is speaking; there is no other reason. He recognizes the color of the flag early enough. In that regard, there is material for a politician in Vayrynen, but that is all there is."

Some of the Center Party's provincial newspapers understood Vayrynen. Tapiola Siikala wrote, in PÖHJOLAN SANOMAT, that "I see no reason to believe that this party could not answer the challenge of its chairman."

#### Nothing Has Changed

Recalling the events of the convention of December 1973 is appropriate, at least to prove that certain issues do not change in the Center Party.

In this party it has been, still is and will also be in the future, impossible to have a so-called ideological dialogue which would not immediately be associated with personal issues, either by the party's own members or others. This is how it has been and always will be.

In this connection it is not necessary to deliberate over how much personal politics there was in Vayrynen's speech in 1973 and how much of it was genuine concern about the party's ability to fight. If only personal tactics were concerned, Vayrynen went to a surprising amount of literary trouble on behalf of his cause. Only a few months after the meeting of the party delegation--5 March 1974—he signed the introduction to his book "On muutoksen aika" [It Is Time for Change] in the parliament.

The introductory text gives some insight into the reasons why it was Vayrynen who became the ideological leader of the Center Party youth movement in the 1970's. "Unity for the sake of unity is dangerous for the party. The policies become obscured, the profile becomes blurred, the platform is lacking in an efficient purposefulness," writes Vayrynen.

"I have tried not to write in a vague manner, as an elected party official seeing to his own interests should write; instead I have written in a challenging and sharp way," says Vayrynen. He calls his book one address in the Center Party platform discussion.

#### Renaissance of Alkioism

Vayrynen's book will remain in history as one of the landmarks of the Center Party's ideological discussions. It can be characterized as a revival or renaissance of Alkio and his ideas.

To understand the background, it is necessary to look a little further back, to the 1960's. In the history of the Agrarian Party, the beginning of that decade represented the fulfilment of political power. The Honka-union, composed by the Conservative Party and SDP [Finnish Social-Democratic Party]

to defeat Kekkonen, collapsed in the waves of the note crisis. In the presidential elections of 1962, Kekkonen was re-elected, with a convincing majority of votes, to serve a second term. SDP, which now had no say in foreign policy issues, was severely defeated in the parliamentary elections held immediately after the presidential elections. At its best, the Agrarian Party occupied the three top seats in the republic's protocol. The president, the speaker of the parliament and the prime minister all had their origins in the ranks of the Agrarian Party.

The power exchanged hands in the parliamentary elections of 1966, which resulted in the country having a parliament with a leftwing majority. The Agrarian Party, which had become the Center Party, was defeated. However, it was not enough to awaken the people within the party. Only the crushing defeat in the elections of 1970 initiated a more thorough platform discussion. It was decided that the blame for the defeat in the elections was to be found in "Group-70", a discussion group which had demanded the party platform to be turned to the left.

Ideological landmarks of the decade were the party platform approved in the Agrarian Party convention in Kemi in 1962 and the Center Party platform approved in the Tampere party convention in 1968. Vayrynen characterizes the platforms as follows: "The 1962 platform of the Agrarian Party was the last of the party platforms in which the opinions about its economic system and economic policy are expressed rather clearly. On the other hand, the platform approved in the Tampere party convention in 1968 basically emerges from the same ideological starting points as the recent platforms of the social democrats, even though some platform issues have been retained."

Vayrynen's book contains all the elements of a good sermon. The terrors of hell are represented by the social-democratic growth policy based on Pekka Kuusi's ideas. The glory of heaven, on the other hand, is to be found in the return to the ideal of society according to Alkio.

"The ideology of Alkio, which even many Center Party members have called a worthless remnant of the past, has in the past few years gained new interest. In scientific circles, the activities of industrial growth societies have been criticized more severely than before, both from the viewpoint of natural economy and humanity. The starting points of this criticism follow, to a large extent, the thinking of Santeri Alkio, who, from the components he had collected, created the foundation of the Center Party ideology. On this foundation the Center Party can build a lasting and progressive social policy platform to solve present and future problems."

To be on the safe side, Vayrynen includes in his book, in thirty pages of quotes, Alkio's articles "Maalaissiittolaista talous- ja yhteiskuntoppia" [Agrarian Party's Economic and Social Science] and "Maalaissiittolaisesta nakokulmasta" [From the Point of View of the Agrarian Party].

#### To Greener Society

Alkio's renaissance is associated with the environmental discussion which was initiated at the beginning of the decade. Actually its roots can be traced back to the year 1962 when Rachel Carson's book "Silent Spring" was published.

Its prophetic message was that the uncontrolled use of pesticides will poison the nature. Birds stop singing in the spring if the use of poisons continues. Carson also warns of the risk of cancer and other health hazards.

Environmental discussion and the criticism of economic growth came also to Finland, mainly through young people. In the autumn of 1970, Seppo Niemelä, editor-in-chief, wrote in YLIOPPILASLEHTI one of the first articles dealing with zero-growth.

In the 30th anniversary history of NKL [Young Center League], published in 1975, Risto Volanen says that the "green wave" was first discussed in the political commission of NKL as early as fall of 1967. "The rise of the green wave started from the fact that the depth and timeliness of Alkio's message were recognized," writes Volanen.

The policy declaration "To Greener Society", approved in the NKL representatives' meeting in 1973, is considered the landmark of ecological thinking within the entire Center Party. Esko Aho, the then current chairman of NKL, says in the above-mentioned history that "less than a year after the approval of the document, we were taught a bitter lesson, in the form of the so-called energy crisis, which proved the ideas which had been presented to be at least worth serious consideration."

In the policy declaration, the senseless wasting of natural resources was criticized and estimates were made about what happens if the direction is not changed. In the background of this reasoning were, for example, the report of the Club of Rome "The Limits of Growth" of 1972 or the British scientists' manifest "We Can Still Be Saved" of the same year. The third book which was widely read by the Center Party youth was "Ymparistomme systeemit" [The Systems of Our Environment] by Pertti Seiskari and Kyosti Pulliainen.

The declaration "To Greener Society" has eventually started to lead its own life in the minds and festive speeches of the Center Party people. I have even encountered such an idea that the whole policy was made up by Johannes Virolainen!

#### Split in the Youth Movement

Designing the declaration of 1973 was no simple job. In fact, the preparation of the paper was characterized, from beginning to end, by the sharp split which was bothering the youth movement. It is typical that the 30th anniversary history "Politiikan omatunto" [Conscience of Politics] of 1975 fails to mention the whole schism even though it dominated several NKL representatives' meetings. There were a few tough votings over the chairmanship in which Risto Volanen won and Juhani Tuomaala was came in second.

The history or the background of the schism has not been thoroughly explained anywhere, and I am not the right person to write that history, either.

However, for the sake of ideological discussion, allow me one attempt at description.

At the beginning of the last decade, politics came into schools at full force. The Center Party school movement rapidly grew into a state within a state within our youth organization. For example, it was in touch with the marxist-communist groups of Teiniliitto [Senior High School Students' Union] which were strongly influenced by the educational policy of GDR, for example. In the area of domestic affairs, the courses at schools taught Korsimo's doctrine "you have to go so far left that it is frightening". Progress and leftwing politics were identified as one and the same thing. In afterthought, the competition with the leftwing movement acquired amusing features. To balance "marxism-leninism", "alkioism-kekkonism" was developed. Toivo Pihlajaniemi developed "democratic decentralism", which was used to attack the supporters of democratic centralism.

To this group the renaissance of alkioism was not at all as appealing as it had been to Volanen or Niemela. In fact, even Vayrynen was considered a somewhat suspicious type. The readings of the school-activists included, among others, GREEN FLAG, a publication of Group-70 which a little before it died hastened to call Vayrynen a heretic.

The conflicts between ideology and the people cannot be separated in the center movement as I said earlier. Therefore, the split became a precise and total "in whose ranks are you standing" line-up. Campaigning was going on, for example in the summer night of Palkane in the summer of 1972, before Volanen's second victory over Tuomaala.

This is good to keep in mind when reading the declaration of 1973. The group of writers consisted of people from both camps. In the last meeting, the polishing of the text started at noon. The meeting became longer and longer. The last mohicans at the table were Seppo Niemel and the leading ideologist of the school movement, Iikka Vehkalahti. Word by word, sentence by sentence the text was reviewed. The task was completed at 4.30 on the following morning.

Niemela says that, while preparing the paper, two different languages collided. It becomes obvious when reading the text. On one side there is alkio-like humanistic pathos, on the other side an absolute demand for social equality.

#### Vayrynen's Policy Work

The ideological discussion of the beginning of the decade ended as they usually do in the Center Party. The angry young men were put to work to write the party policies. Vayrynen chaired the party's policy committee until he was elected party chairman.

A multi-step policy structure was developed to fit together ideology and practice. The foundation of everything was a basic platform, the last of which had been approved in the Rovaniemi party convention in 1982. It is made more specific with policies defining the party objectives for the next five years. The goals for the remainder of this decade are expected to be approved in Lappeenranta.

The lowest step consists of the special policies for various areas. At best or at worst, there are dozens of them. After a break of a few years, new ones are now being prepared again.

#### Youth Movement Integrating

The student movement was even more in disarray just before the schism began in the youth organization. Even Prime Minister Karjalainen had to chair one of the reconciliatory meetings which still did not lead into settlement.

It is customary in the Center Party to solve ideological disputes by replacing people. The same medicine saved the youth movement. In 1974 Esko Aho was unanimously elected--at the age of twenty--NKL's new chairman, succeeding Risto Volanen. That is when the period of consensus began. The common denominator that was found was a campaign to raise Paavo Vayrynen to lead the Center Party.

#### Center Youth's General Platform

From the ideological discussion at the end of the decade, the book "Avaus aarikeskustaan" [An Opening to Extreme Center] by Juha Kuisma and Alpo Rusi is worth mentioning. POLITIIKAN PUNTARI was revived to continue the work of KYNTAJA, which ended in an embarrassing way. Mirkka Pietila was awakening the center people to see the connections between worldwide development problems and our own society.

Writing history is all the more difficult the closer to the present we come. Of this decade, I actually dare mention only the Rovaniemi basic platform of 1982 and the NKL general platform of 1981.

The center youth started writing its general platform at the time when a successor for Esko Aho had to be found. The competitive settings introduced some tension into the platform work.

One can still read the general platform of 1981 without being ashamed. For example, the green movement has not until today come up with anything better to say about technology or the world's development problems.

After the year 1981, the results of the platform discussion remain rather meager, in my opinion. A couple of years ago Paavo Vayrynen introduced a new concept, "nature-oriented information society", but that is about all there is. There are some separate statements by Pietila, Rusi, Kuisma, Weijo, Pitkanen, etc. Party secretary Kaariainen, who was appointed to lead the party's platform commission after Vayrynen, has begun his literary career. However, there has no longer been any extensive discussion on the direction.

Lately the focus has been more on strengthening the party's own identity and self-esteem. That was probably the most important result of the basic platform of 1982. The strengthening of identity has, of course, been of vital importance after the Kekkonen era ended. The main contributors to finding that identity have been the two editors-in-chief, Seppo Niemela and Kari Hokkanen.

### What About the Future?

In spite of the difficulty of predicting the future, I will say a few words about the dangers and possibilities now threatening the ideological discussions of the center movement.

Every day it becomes more and more clear that this decade would need its own Vayrynen. The generation of the last decade is now controlling the party machinery and it does not seem to give the same new creative contribution as it did ten years ago. A new generation, not dependent on Vayrynen, is now needed. The expectations are now focused on the youth and student movements.

Another danger is associated with the one above. The generation controlling the party machinery can from here on become too absorbed in the new project Vayrynen, which aims at the years 1988 and 1994. The danger of such projects is that while they last, such issues as ideological discussion are easily forgotten and considered less important.

### Wrong Place at Wrong Time

Alarming signs are already to be seen. The most difficult thing is that the center movement always seems to be in the wrong place at the wrong time with its ideas.

Last decade was spent fighting for green thinking. Eventually, it did gain ground, but not through the center movement.

The last few years have been spent in working successfully for the diversification of the party supporters. We have become middle-class, we have come closer to the image of a modern bourgeois party complemented with district politics. The support has been stabilized or is even growing.

Then comes Chernobyl. It becomes obvious that the party reacts very slowly and stiffly to the event which, all at once, makes our declaration from years back into a reality. It seems that we have somehow grown past the phase of green sensitivity which now is in demand.

I wonder if any of the vice chairmen to be elected in Lappennranta would jump on the table already in the party convention next autumn?

12956  
CSO: 3617/40

**LIGACHEV SEES SDP AS LEADER IN FOREIGN RELATIONS**

Helsinki HELSINGIN SANOMAT in Finnish 31 Oct 86 p 8

[Article by Unto Hamalainen]

[Text] Lively international activities endow Finnish party life with the brilliance that is otherwise lacking in the grind of everyday life. This fall has been a particularly active time in foreign relations. The centrist parties are organizing their own international conference at the end of this week. A highly placed Soviet guest will be visiting the SDP [Social Democratic Party] a week from now.

Party relations are being extended to all parts of the world. A Finnish delegation has gone to nearly every corner of the world to talk about detente and to demand that disarmament be implemented.

The chief government parties, the SDP and the Center Party (KEPU), operate in different fashions in international cooperation. The SDP maintains direct party relations with the East and the West. The KEPU, which does not have affiliated parties outside the Nordic countries, relies on the government's official machinery. A strong position in the Foreign Ministry is the KEPU's support base in foreign relations.

The SDP occupies, to be sure, a strong position in terms of official foreign policy, but since the war a Social Democrat has occupied the post of foreign minister for short periods of time and only a few times. Kalevi Sorsa was their most recent foreign minister, 14 years ago. From time to time there are also heated disputes between the SDP and the Foreign Ministry.

Good international relations also affect a party's position here in Finland. The better and more diverse its relations in the world, the more autonomous and independent its position in domestic foreign policy also.

**SDP Is the Strongest Party**

Its relations with the East are the most important relations for a Finnish party. The SDP, the KEPU and the SKP [Finnish Communist Party] entertain official relations with the CPSU, but they do not have equal status in their relations with the East. The SDP is the strongest party in terms of relations with the East.

In a little over a week from now CPSU number)two man Yegor Ligachev will be visiting the Social Democrats. No more highly)placed official ever visited even the SKP as a guest when SKP)CPSU fraternal relations were at their best. More than the other parties, the SDP has exchanges of lower)ranking delegations and the SDP also has direct relations with all the East European communist parties.

The SDP's position in its relations with the East has strengthened at the same rate as the party's relations with the West. Twenty years ago the party had no real relations with either side. In his memoirs, which appeared recently, former Austrian party leader Bruno Kreisky relates that the SDP's position in the eyes of the other social democratic parties was not strengthened until its change of foreign policy line in the mid)1960's.

The SDP's cover organization is the Socialist International, which 60 parties belong to. Kalevi Sorsa is the International's Disarmament Committee chairman and former SDP international affairs secretary Pentti Vaananen is that organization's first secretary.

The SDP also exerts influence on the drafting of International position papers, which are written in a spirit of conciliatory peace and detente. The leaders of both superpowers have also taken note of these statements.

#### Competition for Solidarity

The SDP's international relations will in the future be extended to the developing countries and the Far East. The SDP unbiasedly supports the revolutionary liberation movements of Africa and South America.

The SDP has party relations with the big parties of Japan and India. This fall SDP international affairs secretary Lauri Kangas made a reconnoitering trip to China as a guest of the Chinese Communist Party.

Among others, party secretary Erkki Liikanen, Presidential Office chief Jaakko Kalela, SAK [Central Federation of Finnish Trade Unions] international affairs secretary Markku Jaaskelainen, Member of Parliament Paavo Lippinen, director Kari Mottola and special investigator Pertti Joenniemi of the Foreign Policy Institute and Foreign Ministry Undersecretary of State Martti Ahtisaari are members of the SDP International Affairs Committee, which is of help to chairman Kalevi Sorsa.

#### Vayrynen Waiting for an Invitation

KEPU chairman Paavo Vayrynen was to have made a trip to Moscow to visit as party chairman in November)December. A delegation headed by CPSU Murmansk District district secretary V.N. Ptitzin visited the KEPU as a guest a couple of years ago. The KEPU has party relations with the East European farmers parties, but with the country's leading party only in Hungary.

In conjunction with the RKP [Swedish People's Party] and the LKP [Liberal Party], the KEPU has organized so)called mini)CSCE's three times in Helsinki. The centrist parties of the Nordic countries, the liberal parties of West Europe and the so)called associated parties of East Europe were invited to

these conferences. Chiefly position papers formulated by the Finns were endorsed at the earlier conferences.

In Vayrynen's opinion, the conference to be held in Helsinki at the end of the week will be more broadly based than the Conservative and Social Democratic conferences. Thirty parties from 20 countries will be participating in it. Observers from the CPSU and the American Democratic Party will be present.

Vayrynen's closest foreign policy aides in the KEPU are former party secretary Mikko Immonen and current party secretary Seppo Kaariainen. Foreign Ministry KEPU officials are helping the KEPU in the preparations for the conference in their spare time.

#### SKP Waiting for Visit by High Official

In its own words the SKP has so)called fraternal relations with the CPSU and the communist parties of the other socialist countries. SKP first secretary Esko Vainionpaa assured us that "the quieter period" in relations with the CPSU brought on by SKP disputes is over. Exchanges of lower)ranking delegations are now functioning normally, but chairman Arvo Aalto still needs either an invitation to Moscow or a visit by a high Soviet official.

The SKP is hoping for a visit to Finland. A highly)placed Soviet visitor to the SKP would also finally remove any doubts about the SKP's fitness to serve in the government. SKP leaders are rubbing their hands with satisfaction since the Stalinist minority, which has organized itself into its own party, has not received invitations from the affiliated parties.

Like the Social Democrats, the SKP is also looking afar for coalition partners and is supporting the liberation fronts. This week an SKP delegation made a call on China after a 26)year interval. Party relations with the Chinese Communist Party are being renewed.

The SKP is holding its tongue on the verbal skirmishes between the CPSUand the West European communist parties. The SKP supports CPSU views, but also participates in cooperation with French, Italian and Spanish communists. The communist parties do not have a common organization.

Arvo Aalto's closest aides in the SKP's international activities are Esko Vainionpaa, long)term international affairs secretary Olavi Poikolainen, KANSAN UUTISET chief editor Erkki Kauppila and SAK international affairs secretary Hannu Ohvo.

#### Conservative Party Is Hard Pressed

The Conservative Party is the latest arrival in the parties' joint international activities. There has been much talk about relations between the Conservative Party and the CPSU, but there are no party relations. Ilkka Suominen would be prepared to cooperate with the CPSU, but he has to be content with cooperation with the associated parties of the little socialist countries. The Conservative Party has relations with the little parties of East Germany, Hungary, Poland and Romania.

The Conservative Party is a member of the European and worldwide democratic organizations. There are 15 parties in the European Democratic Union and 22 parties in the International Union. Chairman Ilkka Suominen was recently elected vice chairman of the European Democratic Union.

The Conservative Party tries to slip Finnish detente proposals into common position papers. At most conferences the Conservative Party has to dissociate itself from common papers. In the opinion of the big conservative parties, a common union is an idealistic fighting organization which should not curry favor with the socialist countries.

The chairman of the Conservative Party's International Committee is Harri Holkeri and the members are Ilkka Suominen, Jussi Isotalo, Ilkka Kanerva and Prof Erkki Pihkala, among others.

#### Government Coalition and Relations

If we stick red and pink, green and blue pins onto a map of the world representing Finnish party relations, the map will be almost completely covered.

A Conservative Party)SDP coalition government would have relations with almost everyone. Of course, in several important countries the affiliated parties of these parties are the worst opponents of one another.

On the whole, all of the alternatives which the SDP goes along with are balanced between East and West. The SDP's relations with the socialist countries compensate for the SKP's absence from the government. Those pins representing the common party relations of the KEPU and the Conservative Party seem frail alongside those representing the SDP's relations.

11,466

CSO: 3617/20

**NORWEGIAN BOOK: AUTHORITIES PLAYED DOWN SOVIET CRUISE WARNING**

Helsinki UUSI SUOMI in Finnish 22 Dec 86 p 11

[Article: "Norwegian Interpretation about Nordic Security: Finns Play Down Dangers of Cruise Missiles"]

[Text] "The Finnish media played down the article by Juri Komissarov, a well-known Soviet pseudonym, which was published in January 1984 and in which he warned Finnish cruise missiles [Sic. Obviously typographical error, intended: Norwegian reporter, in his newly published book "The Soviet Union and the Nordic Countries."]

According to Johansen's interpretation, Komissarov's text, which was published in HUVUDSTADSBLADET, contained a warning that, in the future, cruise missiles will contain an element of danger to which the Finns as well as the Swedes should pay attention. If Finland itself cannot intercept the flights of cruise missiles over its territory, it may be forced to look for cooperation within the framework of the FCMA [Friendship, Cooperation and Mutual Assistance] Treaty.

According to Johansen, the Swedes did take the interception of cruise missiles seriously and subsequently decreased political pressure with military operations.

In the fall of 1984, Sweden arranged a military exercise with interception of cruise missiles as one of its specific themes. The Swedes are considerably better prepared for that since the Viggen interceptors have a so-called downlooking radar which detects a low-flying cruise missile. Finnish interceptors do not have this kind of a radar.

**Playing Down with Words**

According to Johansen, Finns consider the cruise missiles to be such a difficult issue that they purposely want to play it down.

As an example, he takes the cruise missile episode at the end of 1984. Norwegians talked about a cruise missile but Finns about an exercise target. Finnish authorities wanted to un-dramatize the situation which involved no evil intentions but which brought out some of the problems which cruise missiles may cause to Finland.

#### Also Previous Articles about Finland

Three years ago Johansen, who is currently working as the Washington correspondent of the Norwegian radio, wrote a book, which was also published in Finnish, "Mahdollisuksien taito" [Skill of Possibilities]; it was received here with conflicting feelings and criticized sharply by President Mauno Koivisto, among others.

The current book discusses the relationship of the Soviet Union to all the Nordic countries, but in the book Finland, in particular, has a central role. Johansen shows understanding towards Finns, regarding the decisions concerning the Winter War and in praising Urho Kekkonen, as well.

Johansen notes that the relations between Finland and the Soviet Union have stabilized and they have not been affected, for example, by the deteriorated super-power relations. In connection with the change of presidents, the relations between the two countries have matured to the extent that Moscow does not have to react to every sign of eventual confusion, writes Johansen.

12956  
CSO: 3617/44

POLITICAL

FINLAND

BRIEFS

BORDER GUARD ACQUIRES HELICOPTER--In the near future the Border Guard will receive a new coastal patrol ship and a helicopter equipped for marine operations. Next week the coastal patrol ship will leave on a trial run at sea from Uusikaupunki; and it is scheduled to be delivered to the Border Guard at the end of January. So far the Border Guard has one coastal patrol ship of this new type. At the end of next week another Italian-made Agusta Bell 412 helicopter, which is currently in transit from the manufacturer, will be available for use. The Border Guard received the first helicopter of this type the summer before last. In the near future, the Border Guard will also receive a heavy coastal patrol boat provided with efficient monitoring equipment. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 8 Jan 87 p 14] 12956

CSO: 3617/44.3

**MAYOR EVERT SEEN AT ODDS WITH PARTY LEADERSHIP****Evert on Own Beliefs, Theories****Athens I AVGI in Greek 11 Jan 87 pp 6-7****[Interview with Athens Mayor Miltiadis Evert, by Vasilis Paikos and Vangelis Siafakas]**

[Excerpts] Miltiadis Evert, the new mayor of Athens, is--continues to be-- "the personality" of the times. Or at least one of its "personalities." In view of his success in the municipal elections. In view of his professed--more correctly, "proclaimed"--ambitions, which certainly go far beyond the municipality of Athens. And considering his heretical views on the "affairs" of the ND party.

In the interview that follows--which was obtained for I AVGI the other Friday at midday--Miltiadis Evert says the following, among other things:

- I do not "see the likelihood" of elections within 1987...
- I do not agree with the oppositionist tactics of the ND, as these have been practiced since the municipal elections...
- I believe that the ND has not handled correctly, that it has not "exploited," the scandals of PASOK...
- Mitsotakis--despite his unquestioned talents--is a person of "day-to-day maneuverings," whereas he is deficient in the charting of strategy...
- I do not regret that I voted (two times) for Kostis Stefanopoulos for the leadership. Despite the fact that subsequently he has disappointed me...
- The "new person," the national-reconciliation adherent, has not been fully "won over" for the ND and its ranks.
- I will not countenance initiatives by ministries which may concern Athens, without hearing the recommendations of the municipality. I know how to "stop," just as I know how to "start moving"...

(The formulation of the above remarks is perhaps not precise. But in any case these are included "unabridged" in the interview).

Next Sunday, an interview with the mayor of Piraeus, Andreas Andrianopoulos, will be "hosted" in I AVGI.

[Question] Mr Evert, the chairman of the ND is talking about elections in 1987.

[Answer] I do not believe it. That is, I do not believe that Papandreu will make the mistake of having elections in 1987.

[Question] You believe that the issue of the time of conducting elections depends entirely on Papandreu alone. That is, the ND does not have the ability to exert pressure and to create a climate such as to "compel" PASOK to resort to the ballot box?

[Answer] I refer to the intentions of the government. That is, whether Papandreu wants to have elections in 1987. I do not see this event as coming to pass in any case. There are three reasons for this.

The first is that in a time of austerity with a freezing of wages, no government moves toward elections.

The second is that the government has to deal with a tremendous problem around March or April concerning the Value Added Tax, whose ramifications and problems have not yet made their appearance.

The third reason is again economic. The regulation that has been imposed in the areas of property and rents. Regardless of whether this is proper or mistaken, it has given rise to opposition from all quarters.

Also there is the great issue of the signing of the agreement on the bases, which I believe will happen in 1987.

All of these things need time in order for there to be a possibility for a different economic policy, in order for Papandreu to find the opportunity for new maneuvers on the issue of the bases.

Also the government does not have any interest in proceeding to national elections within a climate such as the one that has developed from the decrease in its percentages of votes in the municipal elections.

Now if the ND follows a vigorous oppositionist policy, certainly it can force the premier to hold elections.

Also the rumblings within the PASOK camp are strong at this time. If they are reinforced with suitable moves from outside--that is, from all the parties, on the Right and Left--it can be compelled ipso facto to proceed to elections.

Up to now, from the moves of both the ND and the KKE and from the pressures which have been exerted, I do not see that Papandreu is in danger of being forced to proceed to elections. Unless there is a change of strategy from within the ND camp.

The ND has not exerted that pressure, that policy, which it ought to have against the government ever since the elections.

Not, in response to the elections, in the sense of "you have lost the mandate of the people," but with respect to the specific mistakes and instances of backing down that have taken place.

[Question] You believe that the keenness of the opposition has been reduced...

[Answer] There has been a certain misunderstanding. I do not mean that when you exert pressure, you are not in favor of a climate of consensus. The consensus that ought to exist on certain basic issues, and I call to mind foreign policy for example, is one thing, the level at which you will engage in opposition is another, and the pressure to be exerted is yet another thing. You can overthrow an administration without creating a climate of crisis, but instead by exerting pressure and having a correct policy of constructive criticism.

#### Unacceptable Tactics

[Question] Do you want to mention an example where, in your opinion, the policy of the ND was mistaken in recent times?

[Answer] On the issue of the scandals the policy of the ND was totally unacceptable and mistaken. In essence the issue has been abandoned. Scandals cannot constitute a theme of the political life of our country. God help us if our country proceeds with this scandalmongering. The opposition demonstrated an inability to handle this very sensitive issue.

Another issue is the one that was created with the implementation of the Value Added Tax, which will give rise to substantial problems. Nobody is coming forward to say: "What are you doing, where are you going, how will you achieve this." Moreover, on the issues of foreign policy--and I do not refer to the various strategies--the ND cannot cooperate in the deceiving of the Greek people.

[Question] You mean the bases...

[Answer] In connection with the bases also. Of course, the ND has said that the agreement on the bases will be signed, but it has not reached the point of exerting pressure such as to force the government to take up a stand in the Chamber of Deputies and to say that it will do this or that, or at last to force the government say nothing until whenever its intentions will become better known.

[Question] Recently you criticized the "wait-and-see attitude" vis-a-vis PASOK which the leadership of your party is maintaining...

[Answer] This is an issue of strategy. At a time when your adversary is retreating and is suffering from wounds, you should never allow him the comfort of having "breathing room."

#### We Should Press for Elections

[Question] That is, you believe that the ND should intensify its "attack" so as to win the conducting of elections as soon as possible?

[Answer] If an objective of the ND is to have elections in October 1987, as Mitsotakis has said, then surely the confrontation with PASOK ought to be escalated.

[Question] You agree that an electoral showdown should be ventured in 1987?

[Answer] I believe so, and I will tell you the reason. If you see it as possible that the economic measures of PASOK could lead to an improvement in the standard of living of the Greek people, you might think, let it for now reap the popular dissatisfaction with the measures so that it can lose prestige even more. But when your view is that these measures are not going to pay off and that the economic situation will go from bad to worse and that the crisis will deepen, and consequently 1988 will come into much worse things than is the case in 1987, then I say: yes, certainly, there should be elections.

If you tell me that 1988 will inherit something better, I would say to you: let time work on our behalf.

[Question] But if there are elections in 1987, will you yourself restrict your ambitions to being a good mayor...

[Answer] When you make political decisions, you take risks also. I will say something general and theoretical which for me is a main point. When a politician changes his personal goals into how will I proceed here in order to get there...

[Question] Are you speaking about the leadership of the party?

[Answer] About any goal whatsoever. About the different steps that he will follow in his career in order for himself to arrive at the point where he believes he should be--then he is condemned to failure and all of his moves will be false ones.

They asked me a few days ago on television if I will remain 4 years or 2 years or 3 years. It is not a matter of a period or 4-6 or 8. I would be crazy if I left the mayoralty without having given a new image of a new climate which could stand for a mayoralty under Evert. Consequently I am

obligated to carry out a task. Now whether this task is carried out in 3 years or 7 years...in any case it is not a matter of time.

[Question] If there are elections in 1987, the head of your party will be K. Mitsotakis. Do you believe that the same thing will be true if the elections take place at the end of the government's term of office?

[Answer] I avoid making judgments about such a long time in the future. But for the present I do not see that there is any leadership issue in the ND in any case.

[Question] The administration has made certain proposals concerning a consensus. The ND has not seemed to be especially obliging...

[Answer] My view is that the ND people have not been persuaded yet and that there is a lack of trust. They have not been persuaded as to the degree the government's proposals are sincere. Every time that such a proposal is made is a time of governmental crisis. It is not made in a time devoid of suspicious motives.

[Question] We agree that there is distrust. But the ND is also responsible...

[Answer] Let us take the example of foreign policy. I myself disagree with the position of Papandreu on the issue of a dialogue with Turkey. He does not worry about this dialogue being right.

I believe that the ND is making a mistake. It ought to say: "Very well, you want to create a bipartisan policy. Come sit down and let us see what the boundaries are within which we are holding our discussions." What the ND is doing now is a tactical mistake.

[Question] In a recent public statement, you said that you voted for Kostas Stefanopoulos. Do you have regrets about this?

[Answer] Basically the performance of Stefanopoulos has disappointed me. He has shown a lack of political maturity. And it is not only because he slipped away--his whole attitude. When I voted for Stefanopoulos I wanted to indicate by my vote the movement of renewal within the camp of the party. That is, it was not a vote for Stefanopoulos, it was a vote for renewal. We want new blood and we want also a change in our image. That is, we want a new philosophy to emerge within the camp of the ND. K. Stefanopoulos, who I believe does not have a strong sense for political matters, belongs in any case to another "school," and for this reason I voted for him despite the fact, if you will, that it suited my interests personally for the leader of the ND to be somewhat more advanced in years.

#### The Shortcoming of Mitsotakis

[Question] In any case, you do not regret that you voted for Mitsotakis?

[Answer] To speak of my actions means that I considered them to be those that ought to be done. It is a different matter if Kostas Stefanopoulos disappointed me...

Mitsotakis has certain talents as a leader. In my opinion he has one shortcoming. Whereas he is a well-intentioned man, he is embroiled in current affairs and cannot view things in the long term...

[Question] Do you believe that he is not capable of charting a strategy?

[Answer] He has a weakness. I do not say that he is not capable on these matters. But he is a person of immediate action. And there is the great problem, in that he has to deal with a Papandreu who is preeminently the person of strategic conceptions, regardless of how and whether he implements them.

#### Negative Reaction

Athens EMBISTEVTIKO GRAMMA in Greek 8 Jan 87 p 4

[Text] There is considerable dissatisfaction among the officers of the ND and also among citizens of the municipality of Athens about the arrogant--as they call it--speech by the new mayor, M. Evert, during the ceremony of the installation of the new municipal authorities. And the reason for this dissatisfaction is not only the "carelessness" of Evert in not saluting the leader of the official opposition, K. Mitsotakis, who was honoring him with his presence, or the foreign envoys who were also present. It was the speech that he delivered, which sounded like platform statements of a newly sworn-in administration.

"Evert spoke about everything," reliable political circles are commenting, "even on foreign policy, but what the municipality of Athens is in need of is a--mayor...." Moreover, his more than hour-long talk--at his own request--with A. Papandreu gave rise to a variety of comments. It is said that Papandreu assured him that he will support his work, with Papandreu looking to the person of Evert as a future source...of problems for the internal affairs of the ND.

In contrast to the negative impression that the speech of Evert produced, the installation of the mayor of Piraeus, A. Andrianopoulos, left excellent impressions on the officers of the ND as well as on the Piraeus citizens more generally. The speech by Andrianopoulos restricted itself to municipal affairs, and in fact political observers interpreted many of the things that he said as "prepaid replies" to the grandiose political issues that Evert raised.

"Evert has oversimplified the situation," reliable sources were commenting. "He looks on himself as the sole successor to the armchair leadership of the ND, but in fact his rashness and his assurance are leading him to make one mistake after another. Starting with the evening of his election, when he expected the leader of the ND to go up to his office when that person was heading to congratulate him, rather than himself going down to meet him at the door, as is the custom...."

**PAPANDREOU STRATEGY SEEN FAVORING FAMILY SUCCESSION**

Athens EMBISTEVTIKO GRAMMA in Greek 8 Jan 87 p 3

[Text] The reports that have been leaking out in the pro-government press concerning a possible cabinet reshuffling at the end of January are being interpreted by PASOK officers as more than just an indication that the premier is trying to make the image of his administration more attractive, in view of a difficult year which has begun for this administration and for him personally.

But above all, it has to do with the intimidation of certain of his chief officers on whom he is relying, essentially, for the promotion within the party of his son, Georgios Papandreou. It is not accidental that included among the officers subject to the shake-up are Koutsogiorgas and Tsokhatzopoulos, who on the one hand are close to Andreas Papandreou but nevertheless do not look "kindly" on this promotion, so abrupt, after all, of the premier's young son. But they have the appropriate bridges within the party machinery and among the rank and file, with the result that their support for Georgios Papandreou is considered important by the premier. Consequently the indirect intimidation of these people is aimed at making them aware that if they are not responsive to the premier's plans, their future in the administration is limited. Also assessed in this light--of the promotion of Giorgos Papandreou--has been the possibility of the return of Laliotis to the administration, since his ties to the rank and file and, more generally, his valuable help in the inner-party promotion of the son of the premier are not disputed. And Laliotis is in the same "class" as G. Gennimatas, who although having the "valuable bridges," nevertheless is judged as "needing to be importuned."

12114  
CSO: 3621/60

## 'MYTHS' OF TURKISH IMPORTANCE VIEWED SKEPTICALLY

Athens I VRADYNI in Greek 14 Jan 87 p 9

[Article by Rodolfo Moronis: "Three Myths About Turkey"]

[Excerpts] One is appalled on reflecting on how many myths our life is built on, and one is exceedingly surprised on finding out that to a very large extent international politics is based on myths.

In recent decades Turkey's importance to the West's defense has been described (has been lauded would perhaps be a better choice of words) extensively in many ways. Indeed, from a geopolitical point of view, Turkey does play an important role in the defense of the West. Let us, for a moment, forget that this importance is relative and depends also on other non-Turkish factors and let us consider the myths which have been created around the aforementioned reality.

Myth one: Culturally and ethnographically, Turkey belongs to the West and particularly to Europe.

Myth two: If necessary, Turkey will fight with all its might for the West's defense.

Myth three: The Turkish army is in a position to control the situation and keep the country in the Western camp.

1. The hidden truth is that Turkey has no relation whatever with Europe, neither culturally nor ethnographically. Also, from a geographic point of view, if one does not consider the small parcel of Thraki it occupies, Turkey is not part of Europe.

2. Turkey never fought by the side of the West, neither in the remote nor in the recent past. In the recent past, moreover--in 1974--in the name of their national interests, it did not hesitate to invade Cyprus which, in any event, did not belong to the East which is the West's adversary.

3. Association with Europe has not influenced the Turkish nation whose past (and especially the recent past) is darkened by genocidal operations and subjugation of minorities. The number of Greeks or Jews who lived in Turkey during the World War II years compared to that of today is very revealing.

Exactly because it knows how it dealt with its own minorities, Turkey appears to be very sensitive about living conditions of Turkish minorities (which, however, are prospering) in other countries.

4. Political stability in Turkey and the country's Western orientation is not at all guaranteed by the military. Speaking at Adana, Evren revealed information which should make the West skeptical about Turkey's course.

Referring to Islamic fanaticism which recently increased dangerously in Turkey, Evren revealed that an imam from Adana went to West Germany and returned with video cassettes with religious, Islamic propaganda, that the military academies have accepted candidates who have been brainwashed in religious schools, and that he himself has been threatened by fanatic Moslems. At the same time a law was enacted in Ankara imposing expulsion on all students wearing modern attire--the penalty for nonconformity. With such givens, it is amazing how the myths about Turkey continue to exist.

Europe, taking at face value Premier Ozal's "threat" (he himself did not mean it) that at the end of the century 100 million Turks will flood Europe's labor markets, adopted the right decision and for the moment kept the doors closed to the Turks. But what will happen if tomorrow some "brain" decides that Turkey's association with EEC guarantees its Western orientation? The myths will leave margins for Europe to see in a calm way that association with EEC would not be a solution neither for Turkey nor for it.

7520  
CSO: 3521/57

**COOPERATION WITH ISRAELI MOSSAD ORGANIZATION**

Athens PONDIKI in Greek 6 Feb 87 p 32

[Text] Relations with Israel are excellent: following the agreement on tourist issues, we now have established cooperation at the level of secret services; and not only a simple cooperation: we are now kissing cousins, and then some!

The long-standing idyll between the local station of the well-known Mossad, the terrible counter-intelligence Israeli organization, with our own National Intelligence Service (former KYP) was made official last week in Tel Aviv by an official visit (24-31 January) of an EYP delegation, headed by the EYP's second-in-command, Kyrikis.

From the little that is known about the visit (what secretiveness!), it seems that the Israelis are jumping with joy about Kyrikis' and his delegation's visit: they were taken on a tour of Mossad secret installations and were shown the way in which the organization functions: how intelligence is collected and cross-checked, etc, etc. (Let's be truthful, in this kind of business, these people get an 11 on a scale of 10!)

So we heard that the Israelis:

1. Offered us to undertake the training of Greek agents within the framework of the "strengthening" of the ties between the two secret services, an offer that the Greek delegation accepted without reservations!

2. Asked us to proceed to a full (at ALL levels) exchange of information on terrorist issues. At this point, our people hesitated somewhat, because they had no such orders from Athens, and said they would reply after consulting the government, because, as is known, whenever the Israelis speak about terrorists, they mean mainly...the Palestinians!

In spite of this small "cloud," the rest of the visit went well and our people invited the Mossad to come to Athens soon to repay the visit. The invitation was accepted and it is expected to take place next spring.

We should say that this is the first time since 1981 that relations with the Mossad entered such a period of cooperation: in the five years of the PASOK

government, the KYP, but also the General Security, had refused the "good" services of the "best organized"--and tough--"secret service in the world." Now, what is it that has made the EYP and the government change their attitude vis-a-vis the Mossad and the Israelis? We do not know for sure. We suppose that this change is due to the more general overture toward Israel. What do you say?

/9274

CSO: 3521/47

**NOVEMBER POLL INDICATES LITTLE CHANGE IN VOTER PREFERENCES****Effect of Bildt Weighed**

Stockholm DAGENS NYHETER in Swedish 18 Dec 86 p 12

[Article by Dick Ljungberg]

[Text] Voter opinion is very stable nationwide. This is shown in the party preference poll conducted by the Central Bureau of Statistics (SCB).

If there had been an election in November, the Social Democrats and the VPK [Left Party-Communists] would have retained their majority in Parliament, although the nonsocialist parties would have reduced that majority somewhat in comparison with the election in September 1985.

The poll was conducted during the period between 27 October and 17 November. It comprised 9,000 individuals, but about 20 percent either could not or would not answer.

To make the results as statistically reliable as possible, the SCB presents them as intervals around point estimates. Thus, if an election had been held in November, the nonsocialist bloc excluding the KDS [Christian Democratic Union] would have received from 46.0 to 47.6 percent of the vote, while the socialist bloc would have received between 48.7 and 50.2 percent. As was true in the previous poll (in May), the difference between the blocs is statistically reliable.

Since May, however, the nonsocialists have advanced by between 0.3 and 1.9 percent, and the socialist share has declined by from 0.6 to 2.1 percent.

The Center Party without the KDS is standing still in the SCB's poll as well. In November, the party would have received 10.4 percent of the vote, or one-tenth more than its 1985 election result. Since the election, the Center Party has lost to the Liberal Party, and since May it has lost to the Conservative Party and to the "don't knows."

The Liberal Party has 16.0 percent compared to 14.2 percent in the election. Since the election, the Liberal Party has had a statistically reliable net

inflow from both the Center Party (0.5 percent) and the Conservatives (0.9 percent). Since May, however, the Liberal Party has lost a little, chiefly to the Conservatives and the "don't knows."

#### Rise

The Conservatives would have gotten 20.4 percent in November, compared to 21.3 percent in the election. Their net losses were to the Liberal Party and the small parties, but since May--and Carl Bildt's takeover as party leader--the Conservatives have had a net gain from the Liberal Party (0.8 percent), the Center Party (0.2 percent), and the Social Democrats (0.3 percent). All told, the Conservatives are up by from 0.9 to 2.3 percent compared to May.

The Social Democrats would have gotten 44.9 percent in November, or almost exactly the same as in the election (44.7 percent). But since May--when the SCB also recorded a wave of sympathy following Palme's assassination--the party has declined by from 0.6 to 2.3 percent. Its net losses were to the Conservatives but also, and chiefly, to the "don't knows" (1.4 percent).

The VPK would have received 4.5 percent of the vote in November, compared to 5.4 percent in the election. Since then, the party has had a net loss to the Social Democrats (0.4 percent) and also lost a little to the small parties.

Of the replies indicating a party preference, the KDS received 1.2 percent (2.3 percent in the election), and the Environment Party received 2.4 percent. The SCB confirms the increase for the Environment Party during the summer that was noted by the IMU [Institute for Market Research]. The Environment Party had 1.7 percent in May according to the SCB and 1.5 percent in the election.

No major changes in party preferences within different population groups have been noted since May. In the case of the Center Party, however, a drop of 3 percent is reported in the 25-29 age group. The Conservatives show a statistically reliable increase in the 50-54 age group. The VPK has a full 10 percent of party preferences in the 30-34 age group.

In the case of occupational groups, changes since May can be noted only among middle-level salaried employees, where the Center Party is up by just over 2 percent and the Social Democrats are down by just over 3 percentage points.

#### SDP Gains in Cities

Stockholm DAGENS NYHETER in Swedish 18 Dec 86 p 12

[Article by Sven Svensson]

[Text] The Social Democrats are up and the Conservatives are down in the three metropolitan areas of Stockholm, Goteborg, and Malmo.

That is shown by a breakdown of the figures from the SCB's poll of party preferences. According to the poll, there is a clear socialist majority in the Municipality of Stockholm.

In the Municipality of Stockholm, about 53 percent stated a preference for the socialist bloc, compared to about 47 percent for the three nonsocialist parties and the small parties.

In the 1985 parliamentary election, the socialist bloc received 47.7 percent, compared to 50.6 percent for the nonsocialist parties and the small parties.

The poll of party preferences therefore indicates a strong shift in the balance of power. But because of the large number of nonresponses, refusal to participate in the poll, and so on, the results must be interpreted with great caution.

Fewer than 60 percent of those approached in the Municipality of Stockholm took part in the poll.

Even so, some significance must be attached to that political trend, since it is consistent in all three metropolitan areas, where one-third of the voters live.

From VPK

The Social Democrats have picked up supporters in all three metropolitan areas (especially from the VPK) since the election. At the same time, the Conservatives have lost ground in all three areas, while the Liberal Party has progressed except in Skane's Four-City Area.

In the 1985 election, the Social Democrats received 38.0 percent of the vote in the Municipality of Stockholm. About 47 percent of those responding now say that the Social Democratic Party is their party. At the same time, the VPK has dropped from 9.6 percent in the election to just over 6 percent.

In the nonsocialist bloc, the Conservatives received 30.2 percent in the election and are now listed at just over 22 percent. The Liberal Party received 15.8 percent in the election and now has close to 18 percent, while the number of Center Party sympathizers has hardly changed from the election result of 3.7 percent. The other parties remain unchanged at 2.6 percent.

#### Nonsocialist

In Stockholm County, the nonsocialist bloc and the small parties have a majority of about 52 percent, compared to 47 percent for the socialist bloc.

The Social Democrats received 38.3 percent in the election and now stand at just over 44 percent. The VPK is down from 5.9 percent to just over 3 percent.

The Conservatives received 30.7 percent in the election, but are now down to barely 25 percent, while the Liberal Party is up from 17.2 percent in the election to about 21 percent. The Center Party is down from 5.8 percent to about 4 percent.

In the Municipality of Goteborg, the socialist bloc has over 56 percent of party preferences. The Social Democrats are up from 40.1 percent in the election to over 50 percent, while the VPK is down from 9.2 percent to about 6 percent.

In the case of the nonsocialist parties, the Liberal Party is up from 20.4 to 23 percent, the Conservatives are down from 22.1 percent to just over 14 percent, and the Center Party is down from 5.0 to about 2 percent.

#### Strong in Malmo

In the Four-City Area, of which Malmo is a part, the Social Democrats have made a strong advance from 44.8 percent in the election to 54 percent, while the VPK is more or less unchanged from its election result of 4.4 percent.

In the nonsocialist bloc, the Conservatives are down from their election result of 28.4 percent to 21 percent, the Liberal Party is down from 14.9 percent to about 14 percent, and the Center Party is down from 6 percent to between 4 and 5 percent.

#### Paper Comments on Poll

Stockholm DAGENS NYHETER in Swedish 18 Dec 86 p 2

[Editorial: "Marking Time"]

[Text] The most noteworthy thing about the SCB's new big voter poll--the first since May and the second since last fall's election--is that no changes of interest or statistically significant proportions have occurred.

Palme's assassination, Chernobyl, the change of leaders in the Center and Conservative Parties, the minor convulsions in connection with the wage negotiations, the alleged explosion in consumption, or the storm surrounding the one-time tax--take any of that or all of it together, the voters in general are remaining calm or loyal or stable or indifferent.

Just over one-third of the distance to the next election has been covered, and the voters-parties are running--or, more accurately, staying where they are while they wait and see--in the same well-known clusters of Social Democrats (45 percent), Conservatives (20), Liberal Party (16), Center Party (10), and VPK (4).

And the same applies to the B team, made up of those parties not represented in Parliament, among which the Center Party's controversial pacesetter, the KDS, is standing still at 1 percent, while the Environment Party has doubled in size from 1.7 to 2.4 percent--the only pronounced change in the November poll's parade of shifts amounting to tenths of a percent.

Even so, the newcomers in the Environment Party are not getting anywhere near as good a score from the SCB as they usually do from the IMU (4.5 percent in its latest poll), and the question remains as to whether they will be able to

keep up all the way past the finish line in Parliament. At the same time, it now looks as though the Environment Party is the only party to have collected any favorable dividends from the Chernobyl revival, which for the time being has not brought a net gain for either the Center Party or the VPK.

But in comparison with the other big voter polls (by the IMU and SIFO [Swedish Institute for Public Opinion Polls]), the Conservatives have recovered to some extent since May and regained a few percent from the Liberal Party.

Characteristically, however, the Conservatives are still below their election result despite (?) the new burst of speed brought on by Carl Bildt and his honeymoon months, and the Liberal Party is still above its election result. The Westerberg effect is still holding up precariously.

When it comes to the balance between the "blocs," things are so stable--with the nonsocialists up by a few tenths of a percent--that everyone can continue to worry or hope just as much or just as little.

11798  
CSO: 3650/39

## CONSERVATIVES' GRAND OLD MAN: CARLSSON MORE SOCIALIST THAN PALME

Stockholm SVENSKA DAGBLADET in Swedish 31 Dec 86 p 3

[Commentary by Gosta Bohman]

[Text] Out here--at the edge of the Aland Sea--dawn apparently comes much earlier than it does in the city. Apparently, because the whole snow-covered landscape lights up sky, land and sea. A dull grayish-pink glow bathes the island world in the first hours of dawn. It fades increasingly into gray tones as the morning progresses. Beaches and cliffs stand out as sharply-chiseled profiles against the graphite-gray and heavy, almost oily, surface of the sea.

It is still snowing. Thick and white. In a couple of days the barometer has fallen 30 degrees. A 25-meter southeast gale is blowing. The drifts outside the large cottage, woodshed and sauna are meters deep. Steps, paths and ski tracks are covered with snow in less than an hour.

Everyday outdoor tasks become awkward and arduous. The kitchen pump cannot be used. The gas stove is not working. The old rusty wood stove has come into favor again. Beneath the blanket of snow the beaches are sheets of ice. Hauling wash water from the pond is an adventure. The deep well has to be shoveled out. There will not be much water left in the pail of drinking water after the ski trip between snow-covered rocks and stones.

#### Holiday Peace

But all the toil and drudgery are worth it. In exchange we get peace, a quiet time for reading and long nights. The movements of the sea, the eternal assault of the long waves on the stones on the beach, the storm's hard grip on house and branches, all this just intensifies our cosy deep holiday peace.

The last hours of the old year are passing inexorably as the new year approaches. At this time when we seek answers to the unanswered questions of the past year we pose new questions for the year that lies ahead at the same time. We cast horoscopes. We try to draw conclusions. All this in spite of our smallness in the vast scheme of things in which we ourselves and our Sweden are only grains of sand in mankind's enormous hourglass.

## New Gladiators

The past year, 1986, was characterized by dramatic and disturbing events in our political life. It was the year the new gladiators marched into the arena of the Swedish colosseum.

First Ingvar Carlsson, who succeeded Olof Palme, then Karin Soder succeeding Thorbjorn Falldin and Carl Bildt succeeding Ulf Adelsohn. The already 3-year-old Bengt Westerberg--the "effective" one--was last in the procession of the democratic cohort. In the rear guard came old Lars Werner at a heavy trot, like a massive Soviet tank.

When the fanfare died away and the procession passed by under fluttering flovery party banners, people remained sitting in the grandstand, worried, amazed and wondering what the change in leadership would mean for the security and development of the old welfare state.

## Sweden Different

After the tragedy on that cold gray February night when Sweden's prime minister was slain by a murderer's bullet, many people said that Sweden would not be the same afterward.

The death shot--so they said--would dominate our country's political life for the entire decade ahead. The deep marks of that winter night could not be eradicated for many many years.

The prophets were wrong. But they were right too. In a different way than they had in mind.

No mortal being can be of such superhuman importance that an entire nation loses its future perspective as a result of his demise. I warned against the ongoing canonization of the dead prime minister on this very page.

## Alien to Palme

Nothing was more alien to Olof Palme than pronouncements of sanctity. We had learned to know him and will remember him as a vital and fascinating person who defended with deep insight the things he regard as right and passionately attacked the things he felt were wrong. His personality was dominated by the ability to take a stand for or against with unique verbal adroitness and often complete ruthlessness. He won sympathizers but at the same time he alienated his opponents.

Olof Palme's dreams and visions became those of the party. He conveyed them with keenness and conviction but without tolerance for his opponents' arguments and assessments.

In my opinion it would be a disservice to Olof Palme, the man and the national leader, to allow his personality to fade out in order to create the image of a national prince of peace who stood above the political fray. The

fascinating, fiery and complex person who did not leave anyone untouched should be remembered instead.

Long Live the King!

His demise--I predicted--would not have the long-range consequences for Sweden's political life that many people thought at the time. I was convinced that I was right. After less than a year, reality has confirmed how right I was.

But Sweden today is not the same. However that has other explanations than the tragedy of that bleak February night. "The king is dead. Long live the king!" New people have taken charge. New problems have arisen. The winds blowing through the western democracies have proved to be more biting and more transforming here than in many other places.

Ingvar Carlsson is no Olof Palme. Olof Palme was basically middle-class by birth, upbringing and disposition. No one fought harder than Olof Palme in his youth against the intolerance and the coercive methods of the socialist hydra. His background made his position more difficult.

This undoubtedly contributed to his hard, implacable and passionate political attitude. He had to convince his own people. He had to show that he was ideologically rooted in their ideas and that it was their opinion he was promoting. But in choosing ways to reach the goal he could seldom free himself from his intellect, his knowledge and his understanding of the continuity that guides the fate of men and nations.

His qualifications must have made it harder for him than for a Per Albin Hansson or a Tage Erlander to hold the party together. For that reason he was forced to devote far more of his energy and ability to that end. He succeeded. He became the undisputed leader of his own people.

But he "purchased" the leadership at the price of rapid shifts in the handling of concrete policies. He solved that problem too. He had an unusual ability even in adverse situations to defend with convincing fervor something he had rejected just a few hours earlier.

Ingvar Carlsson started off in an entirely different position. Born and raised in the movement, he is a dedicated Social Democrat. He is not forced to violate either his intellect or his judgment in order to assert party policy. He is basically far less liberal and a much more convinced socialist than Olof Palme was at heart. He does not have to resort to boasting and go on the offensive with the same frenzy as Olof Palme.

It is much easier for him than it was for his predecessor to show his political opponents candor, friendliness, understanding and often a palpable humoristic charm. He is a more dangerous political enemy.

### Several Vying for Throne

In the current political situation, however, Ingvar Carlsson must mobilize not only all the political conviction he has had from the beginning, but energy and firmness of purpose as well. He will have a harder time than "sole ruler" Palme. In contrast to him, Carlsson has competition for the throne. Kjell-Olof Feldt, who would like so much to be great. And Sten Andersson, who will continue to be so in any case--and not just verbally.

Ingvar Carlsson has also stepped into an entirely different political climate than the one that prevailed just a few years ago. A wind of change is blowing through the land. It can quickly reach gale force. Faced with these storm warnings the Swedish Social Democrats lack clear goals for the future.

The trust the party enjoys is based on the past, on the impression it has managed to convey to the people of Sweden that it was the party that created our welfare state.

### Opposition Mounting

At the same time that a majority of our people--according to the Swedish Institute of Public Opinion Polls [SIFO]--praise the Swedish welfare state, opposition is mounting to the price people must pay in terms of their own prosperity and personal freedom. The safety net of the public welfare system is regarded as increasingly less secure. The personal responsibility that the people turned over to the welfare politicians has resulted in a new feeling of helplessness. People are left with no support when they find that the system generally does not live up to their expectations, does not give them the solid security they counted on, and the same thing is true when their plans for the future are upset. The helplessness created by the policy has shackled the vigor that was once part of people's heritage.

All those who make predictions about the future attest that it is primarily the new generation--the one bearing the responsibility for the Sweden of tomorrow--that no longer puts its trust in politicians. The members of this generation want to create a future outside the political sphere with their own efforts, their own imagination and their own convictions. Their confidence in democracy as the social system of welfare policy and freedom has been shaken.

Above all else it is this lack of confidence in the ability of political democracy to solve people's problems that will mark developments in the remaining decade leading up to the turn of the century.

### No Prescription

The Social Democrats do not have a prescription for this "new Sweden." Ingvar Carlsson thinks he can resurrect the ideological slogans with which the Social Democrats at one time won the confidence of the people. But the concept of "at one time" does not apply to "today," much less to "tomorrow." For this

reason Ingvar Carlsson's political emphasis leaves a pathetic impression. For this reason his speeches stand out as lacking in substance and poorly rooted in the reality of a changing world.

I read the periodicals and publications of the labor movement with interest. They appear to be at a loss when it comes to dealing with the future.

On one side, among Federation of Trade Unions [LO] people working in the private sector, ideas are emerging based on increased sympathy, solidarity and identification with their own company. They express a firm determination to create a positive future-oriented atmosphere based on proficiency, willingness to work and awareness of cost. They find it natural to feel like participants in the company's activities. Stock purchases, profit-sharing programs and other similar systems strengthen understanding and work to the mutual benefit of the company and the employees.

#### Protecting Their Preserve

Other voices, mainly in the public sector, are being heard in opposition to this Social Democratic chorus. The policy of mutual understanding is rejected. They--like the government--want to prevent employees from sharing in company profits. Confrontation is their goal on the grounds that it strengthens solidarity and power in the union movement.

They want to protect their own preserve but at the same time they want to bring about equalization of wages between groups with entirely different working conditions and performance levels.

Trying to reconcile these basically irreconcilable choruses can only lead to the cacaphony that has become increasingly evident in Ingvar Carlsson's Social Democratic Party, a manifestation that will probably not be muted by the increase in the number of public employees.

So far his attempt to function as choir leader has failed. In reality the opposite seems to have occurred. His handling of the ideological baton is more apt to widen the rifts within the party.

The ruthlessness and lack of understanding of most people's efforts to save and their sense of justice which characterized the confiscation of the savings of pension recipients provided an eloquent example. Yes, I used the word "confiscation," because what happened was a confiscation, even if our constitution does not contain a clear legal prohibition of this kind of measure.

Other steps have also been taken that are aimed more at underlining the political power of the Social Democratic hierarchy than at benefiting the majority of the people. The prime minister's totally incomprehensible definition of the concept of "civil rights" is based solely on considerations of power

In his opinion a majority depending on communist approval could roll aside the fundamental principles of the old society governed by law, the functional

capacity of the market economy and the freedom and basic conditions needed for the economic growth and well-being on which individual property rights are based. His majority vision sees no limits at all. Power is law.

Seldom has the concept of political power played such a large role in our country. Seldom has the lack of guarantees in our constitution been as evident as it is now when it comes to protecting the minority groups and individuals who are being hurt by the exercise of political power.

But there is a contradiction in this that the Social Democrats do not seem to have grasped. Namely that most of what happens in our country confirms that the demand for steadily increasing political power over people actually shows how powerless the power politicians are when it comes to dealing with the problems of social development.

Just look at the East bloc! There the politicians have all the power. But they have proved to be powerless when it comes to solving the human problems that belong to the ultimate purpose of the national community. We see evidence every day in our own free Sweden of similar political powerlessness. This can involve people's alienation, their possibilities of living on their incomes, of getting the health care they need, their demand for legal security and protection against interference with personal integrity and guarantees against violence, crime, the violation of domestic privacy and much more.

#### Grabbing Territory

With his own drastic wording, Ingvar Carlsson's former colleague, venerable Social Democrat Anders Isaksson expresses some of this in these words:

"After hundreds of interviews through the years with so-called rulers one can wonder if the inner core of power is not powerlessness, the feeling that someone else is always in the process of grabbing the territory that the one in power had managed with great effort to grab for himself--or at least thought he had."

It is really a shame about Ingvar Carlsson. It was no easy legacy that he acquired. Many of us wished him luck. We hoped that his wise and generally acknowledged sensible attitude would come into its own. The first months seemed to indicate that this was the case.

But during the fall not only the exercise of power but also arguments in favor of continued political power over the nation and its people became increasingly pronounced. His speeches have become increasingly difficult to understand, increasingly incomprehensible, increasingly full of contradictions.

When one writes these lines on one of the last days of the old year, one's thoughts turn naturally to the definition of "socialism" with which Ingvar Carlsson sought to instruct his own people a number of years ago: "The

act of socialization is not socialism. Socialism is not socialization. On the contrary. Perhaps."

To base his policy on "perhaps," to appear convincing to the Swedish people with "on the contrary," is unlikely to strengthen either Ingvar Carlsson's credibility or the opportunities of the Social Democratic Party to solve tomorrow's problems.

6578

CSO: 3650/51

**ROLE OF FINNISH, SOVIET JOINT COMMISSIONS IN BILATERAL TRADE**

Helsinki POLITIIKKA No 2, 1986 in Finnish pp 69-83

[Article by Ari Salminen and Soili Haarala: "Are Commissions Leading the CEMA trade in Finland? Evaluation of Economic and Political-Administrative Rationality of the System of Cooperation"]

[Text] 1. Introduction

This article discusses the rationality of the committee and commission system incorporated in Finland's CEMA trade, expressed in the system developed in the CEMA trade and described later in this paper. It is general knowledge in Finland that the relations with the East, i.e. with the USSR, are handled at the political level in meetings between the heads of the states and through diplomatic channels. The practical commercial contacts and activities are the task and responsibility of commercial enterprises involved in CEMA trade. However, there is only superficial, and partially even hidden, knowledge about the role, in the management of the CEMA trade and economic relations with the East, of the permanent committees and commissions which have emerged within this network of relations after the mid-1950's. What do these organs of cooperation do, who participate in their activities, what is discussed in them and how do they develop economic relations with the socialist countries? Two main tasks can be specified for this article:

1. to define briefly how and based on what aims has the CEMA trade in Finland been managed, at various times, with the system of commissions and committees and in what direction is the commission-based administration of the CEMA trade being revised as a result of the development in the economic relations?
2. based on the above, to attempt to evaluate the rationality of the commission system of Finland's CEMA trade.

Regarding the latter task, one has to ask more precisely to what extent the system of committees and commissions reflects the priority of the economic interests and to what extent the priority of the authorities' interests. The issue of economic and political-administrative rationality, as it appears in the headline, refers to the more general types of rationalities as presented by Max Weber and Jürgen Habermas, among others. The types of rationality in social activity are clearly different from each other (Weber 1978; Habermas 1981). When applied to the CEMA trade, we are dealing, above all, with the

types of formal rationality and objective-artificial rationality. Formal rationality often contains attempts at using official and formal practices and setting restrictions, activities controlled with standards as well as controlling and administering activities, and anticipating and predicting processes; all typical of public administration, i.e. authorities. From a political-administrative perspective, the rationality of goals could be expected to be applied to the management of CEMA trade. It is associated with the will-formation and goal-setting of political decision-making, practicing CEMA trade. Finland's CEMA trade is characterized by the goal of functionality, in other words, an attempt to build the relations between the countries on the "pillars" of balance, harmony and consensus.

But instead, objective-artificial rationality is more characteristic of economic activities, i.e. when applied to the CEMA trade, of the behavior of the enterprises. The endeavors are focused on obtaining economic profit, competitive advantages and relative advantage. By implementing business principles, the means best contributing to reaching the common goal (profit) are sought, consisting, among others, of all kinds of economically viable flexibility in various practices. The purposeful choice of the means and strategies forms the main content of economic rationality. Therefore, in the continuation, it must be remembered that formal rationality and objective-artificial rationality are simultaneously effective in the system of CEMA trade, even though with different degrees of strength, depending on the situation. It is obvious, of course, that the development of the commission system of the CEMA trade could be described and explained with several other criteria as well. However, we are convinced that, on one hand, the attempts of the state and the authorities (public sector) and, on the other hand, the endeavors of the companies starting from purely economic activity "meet" in the management of Finland's CEMA trade in such a way that it creates interesting possibilities for evaluations about the rationality of the system, also for the sake of research.

Even if the role and purpose of the cooperation commissions in Finland's CEMA trade are observed primarily by means of official material (minutes of commissions, committees and their work groups, international agreements, programs, etc), our intention is clearly to aim at something other than just forming a mere official picture of the cooperation commissions. With an analytical look and by interviewing experts, we search the unofficial and less known picture of the system--a picture in which the focus is the guiding of the CEMA trade with those who exercise the power, its problems and its need for development.

## 2. Administration and "Administrators" of Cooperation

The discussion will begin with a presentation of the formal organization of the cooperation commission-based system of the CEMA trade, its tasks and the persons involved in the work of its commissions and committees. In the following, the objective is to describe the administration of the economic community, formed by organs of cooperation, and its leaders. The review will serve as an introduction to the third main part of this paper which concentrates on the discussion, in more detail, of the change in content and the role of the commission-based system in the various development phases of the CEMA trade.

In the following, we will limit the discussion to three organs of cooperation which are essential for the relations of Finland and the USSR. They are the Scientific-Technical Cooperation Committee between Finland and the USSR (later referred to as ST Committee), permanent Finnish-Soviet intergovernmental Economic Cooperation Commission (later referred to as Economic Commission) and Commission of Mutual Economic Assistance between the Republic of Finland and the Soviet Union (later referred to as CEMA). Let it be mentioned that the USSR has attempted to establish similar organs with other market economy countries. During the 1960's and 1970's such commissions have been established with several OECD countries. The difference with Finland is in that these commissions are specifically intergovernmental and generally deal with issues of commercial-economic and industrial as well as of scientific-technical cooperation. The USSR does not have a ST Commission, like the one with Finland, with other OECD countries. Only France and the USSR have, separately, a so-called large and small commission, the latter of which, complementing the large commission, has specialized in the problems of cooperation in the fields of science and technology.

This type of commission administration (cooperation model) is sought in the USSR, since it is considered a flexible form of cooperation between countries with different economic systems. Generally speaking, the USSR aims at having economic-commercial issues handled in a centralized manner at a high political level. These arrangements are also essentially influenced by the fact that in the foreign trade of a socialist country the state has a monopoly (cf. *Pravovye formy...* 1980; *Mezdunarodnaja...* 1982). Therefore, it is not surprising that, in economic cooperation, some kind of a "centralized" system is expected also from the other party.

#### ST Committee

The ST Committee between Finland and the USSR was established in 1955 in an agreement on ST cooperation between Finland and the USSR. According to this agreement, the official purpose of the committee is to arrange scientific-technical cooperation between the two countries, as well as to exchange technical achievements in industry and agriculture. The nature of the activity has been the exchange of expertise and information. Later, in the 1970's, the role of the ST Committee has been established as planning long-range scientific-technical programs and, in general, the development of the cooperation in question. In the long-range agreement made between Finland and the USSR in 1977 (abbr. PAO [long-range program]; more about the program later), the role of the ST Committee became more specific as a coordinator of scientific-technical (not commercial) cooperation.

The ST Committee consists of 12 members (six from Finland and six from the USSR) and dozens of work groups; some of its well-known chairmen from Finland have been Kustaa Vilkuna in the 1960's, Pekka Kuusi in the 1970's and currently Pekka Jauho, director general of the State Technological Research Center. The first chairman of the committee was P. J. Hynninen, a career diplomat who had earned his reputation in the area of Finnish and Soviet relations. Among the members of the committee, science has been represented by universities, Academy of Finland and various research institutes, whereas industry, in general, has been represented at the level of director generals.

The present vice-chairmen are Seppo Lindblom, minister of trade and industry, and Minister Tankmar Horn, chairman of the board of directors of Wartsila.

Initially, the membership of the committee was weighted towards science while only Mr Lassenius, the then technical director of the Pulp Association, was for a long time the only one representing industry. In the early 1960's Mr Herlin, director general of Kone Oy, and in the late 1960's Minister Reino Rossi, who later was director general of Suomen Sokeri Oy, were included. During the chairmanship of Kuusi, the political clout of the committee increased, but after he resigned in 1978, the committee was moved from the political section of the Ministry of Foreign Affairs to be subordinated to the Commercial Policy section, to which the other CEMA trade commissions already belonged. Evidently, the committee's range of activities was specified so that it became directed back into science.

It is well remembered that Pekka Kuusi's seemingly abrupt resignation from the position of the chairman involved quite a lot of political "gaming" and perhaps even deep conflicts within the administration concerning the role of the ST Committee as well as its possibilities. It must be noted that, for Finland, the administrative position of the ST Committee is unique, compared with other market-economy countries, in which the issues of scientific-technical cooperation with the USSR are handled in intergovernmental commissions. Obviously the establishment of the Economic Commission, later on, increased the pressures to pull the addressing of scientific-technical issues closer into the circle of influence of the intergovernmental commission. In addition, the borderline of scientific-technical cooperation, during its considerably longer period of existence, had obviously moved, at least partly, towards economic cooperation.

The work groups are the core of scientific-technical activity, since they are the planning and implementation organs and, in practice, the channel through which the Finnish industry exercises its influence in the ST Committee. (Cf. Suomi-SNTL: Interaction of Scientific-Technical and Economic Cooperation, vol. 2 1980). The secretariat of the ST Committee assists Finnish companies and provides subjects of cooperation, when necessary. On the Soviet side, the ST Committee is practically the same as the State Committee on Science and Technology (GKNT), which supervises the organs of scientific-technical activity in the USSR. (Cf. e.g. Katila 1985). On the Finnish side, the ST Committee mainly acts as intermediary and observes the companies' ST cooperation with the Soviets; the companies need not necessarily cooperate with the committee. Frequently, the companies have made an agreement on cooperation with GKNT and have direct cooperation outside the committee. According to experts of CEMA trade, this has become more common as the companies have gained real knowledge of the CEMA trade.

#### Economic Commission

The Economic Commission was established with an intergovernmental agreement in 1967. According to the goals of the agreement, the commission studies the possibilities to develop the economic contacts between Finland and the USSR and prepares for their expansion. The commission discusses the issues concerning the implementation of trade and economic agreements between Finland and the USSR and coordinates cooperation in economic issues.

Arranging the administration of the Economic Commission involves various kinds of endeavors. According to a recent statute (30 November 1984) concerning the commission, the chairmen and the members of the Finnish side are appointed to their positions by the president of the republic. The chairmen and the maximum of two vice-chairmen are chosen from among the cabinet members. The other members of the commission, totalling no more than twenty, are appointed for a five-year period from among the central authorities in the trade between Finland and the USSR as well as from among representatives of economy.

According to an earlier arrangement, the members of the commission were appointed by the cabinet. The only specific definition concerning the composition was that the commission group can call such number of counsels and experts as it deems sufficient. The new regulations basically conform to the composition which shaped itself during the work of the commission. From the practical side it is new that the choice of the chairmen was limited to cabinet members. Earlier, the principle of continuity was dominant in the commission chairmanship. Since the establishment of the commission, until the year 1982, its chairman was Ahti Karjalainen. The continuity based on a person was considered important and it was emphasized as a fact appreciated by the Soviets. Vice-chairmen from the very beginning until the end of the Kekkonen era were Minister Olavi J. Mattila, chairman of the boards of directors of Enso-Gutzeit Oy and Valmet Oy, and Minister Reino Rossi. The practice of appointing a cabinet member, generally the minister of foreign trade, vice-chairman was implemented in the 1970's.

Among the present vice-chairmen, Minister Tankmar Horn has been involved ever since the beginning and the present Minister of Foreign Trade Jermu Laine since the beginning of the 1970's. The other vice-chairmen are Ahti Pekkala, Minister of Finance (currently transferred to other tasks), and Paavo Kaarlehto, from the Ministry of Foreign Affairs. Its chairman is Finland's long-term Prime Minister Kalevi Sorsa, who was appointed chairman in 1983, i.e. before the chairmanship was limited to the cabinet. The government's control of the commission has thus been guaranteed, but at the same time doubts have been raised that limiting the chairmanship to the current cabinet could diminish its earlier flexibility. First of all, cabinets are not always particularly long-lasting and, secondly, the chairmanship in the Economic Commission may even make cabinet negotiations difficult. The change of power in the leadership of the Economic Commission is to be seen in the expert members of the commission, among whom are currently representatives of the trade unions and the cooperative movement of Elanto.

In the USSR the changes in the composition of the Finnish side of the commission resulted in their desire to raise the status of the chairmanship. Previously, the long-term chairman had been Deputy Foreign Trade Minister A. N. Manzulo, but the current chairman, I. V. Arhipov, is the first vice-chairman of the Council of Ministers (i.e. Deputy Prime Minister). The vice-chairman is the deputy foreign trade minister. This would seem to expand the interest in the Soviet-Finnish economic cooperation to the level of the entire national economy, instead of the purely foreign economy which is not necessarily as beneficial for the Finnish industry. There have been doubts that the actual foreign trade will receive less attention in the USSR than

earlier. For the Finnish industry, a sufficient area of cooperation would be the so-called foreign trade economy, particularly since, in the USSR, it comprises all economic, industrial and scientific-technical cooperation with foreign nations. (About the concepts of foreign trade and economy in the USSR, see, e.g., Katila 1985).

In Finland, there is considerable political interest in the work of the Economic Commission. The Economic Commission has been the arena where trade-policy issues of vital importance to Finland have been discussed, probably outside the cabinet. Leading the Economic Commission at one time made Ahti Karjalainen into the significant social-political leader that he was, even though, during his chairmanship, he was not always the cabinet member responsible for foreign policy or trade policy. Foreign Minister Paavo Vayrynen recently proposed that a permanent trade-policy committee were established to address the major future problems of CEMA trade, among others. The proposal may have contained the idea that the present practice, i.e. appointing the leaders of the Economic Commission from among cabinet members, would be changed towards the earlier practice. At the end of the 1970's, there was also a brief discussion in public about the possibility of combining the Economic Commission and ST Commission (or combining their secretariats and administrations). Uolevi Raade was considered as one of the potential leaders of the joint organization.

The practical preparation of the projects of both the ST Committee and the Economic Commission contains several organizational alternatives. To put it simply, the process is initiated in companies and the ideas developed there can be sent off through different channels. Basically the economic work of the projects belongs to the Economic Commission and the technical work to the ST Committee. The formal process is company-oriented and flexible in that the companies have freedom of choice. They have the possibility to make direct agreements with the Soviet organs (e.g. in the area of science and technology with the State Committee of Science and Technology, GKNT, in the area of trade with some foreign trade association, in the area of external economic relations with the State Committee, GKES, the State Construction Committee, GOSSTROI, or some ministry). (Cf. Finland-SNTL... 1980; Katila 1985). The companies can utilize the work groups, secretariats and general assemblies of the ST Committee and the Economic Commission. Projects can be transferred any time between the administrations of the ST Committee and the Economic Commission.

According to the experts of CEMA trade, even if contacts between companies are direct, the projects can be recorded, so to speak, in the minutes of the general assembly or the work group of the committee or commission so that the Soviet partner could have the necessary "official stamp" or authorization required by their own officials. The practice varies depending on the sector and that is frequently dependent on the Soviet counterpart. Major corporations in CEMA trade try to avoid even this recording practice, so that their competitors would not find out about projects being planned.

#### CEMA Commission

The CEMA Commission was established in 1973 when Finland, as a first market economy country, made an agreement on cooperation with the CEMA organization.

The function of the commission is unique in that other European market economy countries do not have a corresponding commission. Its tasks are basically the same as those of the above-mentioned commissions, but its field of operation covers both scientific-technical and economic cooperation. The CEMA Commission is on a so-called multilateral basis, since its partners on one side consist of nine CEMA countries and since it is developing projects which have interest in at least two CEMA countries. The basic principle is that if there is interest only in one country, the project is transferred into an appropriate bilateral commission. Some of the Finnish members are also members in the Economic Commission and the ST Committee. In practice, in this commission the same parties are represented as in the other commissions and, according to companies' CEMA trade experts, the main goal when operating through the CEMA Commission is primarily the Soviet market. To implement their projects, companies try to use several channels since bilateral and multilateral projects have different sources of funding in the USSR. The funding of bilateral projects is usually arranged by the Soviet Union's foreign bank Vnesbank (Finland-SNTL... 1980) while it is possible to fund multilateral projects through the International Investment Bank belonging to the CEMA integration system or MIB Bank (Mezdunarodnye organizacii... 1980).

In the CEMA Commission the decisions are formally made basically in the same way as in the CEMA organization. The commission can make recommendations and decisions based on the consensus principle of the countries interested so that consensus is required in the decision-making from the countries who indicate interest in a project. Others can withdraw (Haarala 1984). The commission has five permanent work groups. The work groups have a delegation of experts appointed from the representatives of Finland and the member countries interested in the issue. In each work group the Finnish delegation has a permanent chairman and a secretary. On the CEMA side, the task of the secretary of the work group has been given to the officials of the CEMA secretariat.

The process in the CEMA Commission, concerning the development of the cooperation projects, consists of several stages and usually conforms to a regular pattern. The ideas are usually generated in companies and they are first discussed in a meeting of experts, which eventually makes a proposal to the work group. In the second phase the work group discusses the proposal and if it considers it worth implementing and interesting to the parties, it makes a recommendation to the actual commission. In the third phase the commission discusses the issue and gives a recommendation to the companies and institutions to begin the negotiations leading to a cooperation agreement. The aim in the projects of the commission is commercially feasible ideas. But the actual commercial implementation remains, as in the Economic Commission, the responsibility of the companies themselves.

#### Evaluation of the Commission Organization

The administrative structure of the system of the CEMA trade is similar when the committee and commission systems are compared with each other. The administration has been arranged in a relatively uniform, formal way. This is the same in the case of Finland's trade with the member countries of CEMA, since the organization basically is similar to the mixed commissions established with small CEMA countries.

There are no well-founded reasons to criticize the commission-based administration for having developed excessive bureaucracy in the CEMA trade organization (if we can actually speak about a bureaucratic organization) nor for the development of a "labyrinth" of the activities of authorities. Nevertheless, the organizations of the Economic Commission and the ST Committee expanded considerably in the late 1970's and early 1980's. In proportion to the importance of the issues addressed, in the social and economic policies, the organization is reasonable in size. In the same way, when considering the planning and foreign trade administration of a socialist country unwieldy, committees and commissions as "mediating organs" between two administrative models have obviously been found to be a successful solution (cf. e.g. Tolonen 1984). Even the USSR seems to be satisfied with this system, since it makes it possible to find the most important decision-makers and experts of economic cooperation in a market economy system which appears disintegrated compared with a centralized system. (Cf. e.g. Pravovye formy... 1980.)

What raises critical attention is the small number of high-level decision-makers, "the rulers". It seems that the leadership is in the hands of few, with the same people appearing in the leadership positions of different commissions and committees (as chairmen, as members or chairmen of work groups). This development is typical of the way CEMA trade is managed (cf. Salminen 1983). The centralization of political-administrative and economic power yields a rather "integrated" picture when e.g. the few people are listed who long have worked in the leadership of CEMA trade committees and commissions, in the administration of the major companies in CEMA trade and who are repeatedly members of the entourages of the state visits of the president of the republic (in the Kekkonen era). Some "old-timers" in the leadership elite of CEMA trade, i.e. people who have been involved since the early 1960's (even though some of them have already been put aside) are Ahti Karjalainen, Olavi J. Mattila, Kauko Rastas (chairman of the board of Porarrakennus Oy and Finn-Stroi), Helge Haavisto (Rautaruukki Oy) and Yrjo Pessi (Kemira Oy). New faces, since the beginning and the end of the 1970's, include Tankmar Horn (Wartsila), Jaakko Ihamuotila (Neste Oy) and Kari Kairamo (Nokia Oy), among others. They represent both large private corporations and the country's entrepreneurial activity. Otherwise it seems that, during the last few years, in the Economic Commission lead by Sorsa attempts have been made to expand the representation and to enforce the political-administrative leadership in CEMA trade.

The long continuing participation of the same people in the leading positions in CEMA trade has been justified by the fact that personal continuity is appreciated in the USSR. On the other hand, many experts complain that the excessive transfer of people from one position to another within the company management and among officials, which is prevalent in Finland, makes it difficult to handle the CEMA trade and may weaken the administration of the entire system in Finland.

On the other hand, the organs associated with Finland's economy and the country's CEMA trade are well represented in the work groups of the committees and commissions. However, the representation of trade and industry has long

been in the hands of large corporations and special interest groups. The position of the special interest groups may not be the best possible solution for the development of the CEMA trade, since they mainly supervise interests and are not innovative. However, in several fields these organizations have significantly contributed to the initiation of cooperation by passing on ideas to their member enterprises and by polling their members about their opinions and resources for cooperation plans.

A contributing factor to the strong position of large corporations in CEMA trade has partly been the fact that they have been the best at meeting the requirements of the USSR, such as large deliveries. But frequently it has not been possible even for large corporations without cooperation from other Finnish companies. An advantage, better than size, would be sensible cooperation between Finnish companies, for example with the help of a commission system. However, the development seems to be going in the opposite direction. The know-how and experience in the CEMA trade that the large corporations have are at such level that they do not need the help of the commission system to the extent as before but operate directly with their Soviet partner. They prefer to keep their know-how and experience as their own trade secrets.

In addition, it is typical of the commission system that the representatives of science and research in the various cooperative organs cooperate with the industry on behalf of the corporations and towards general trade advantages. According to the experts of CEMA trade, there is more and more applied research which requires a lot of cooperation with the counterpart.

It is also noteworthy in the organization of the CEMA trade commissions that the cooperation organs discussed have similar task areas, particularly in the work groups. This makes it possible to have overlapping authority and unpurposeful use of resources. It is at least theoretically possible that at one point all commissions are addressing the same issue without knowing about each other and without coordinating the issue with each other. However, according to several experts of CEMA trade, this benefits the corporations when all possible channels are being used to promote a project, since it is usually impossible to know in advance which way will lead to the desired goal. Economic rationality crosses the purposefulness of the entire system.

### 3. Change in the Content of Cooperation

An issue, different from the arrangements concerning the organization in the commission-based management of the CEMA trade, is how the content of the cooperation has changed in the period from the 1960's to the 1980's and what kind of a role the committees and commissions have acquired while administering the changed cooperation. Roughly speaking, the change in the cooperation, particularly in the relations of Finland and the USSR, has gone through the following stages (or actually the following things cross in the cooperation): - change from traditional sales to far-reaching cooperation projects on production and technology, - change from no planning or medium-range planning in economic cooperation to long-range planning, and - change from technical-industrial cooperation to complex, high-technology projects requiring the newest scientific applications. (cf. e.g. Kivistö 1983; Salminen 1981)

### Trade and How it is Administered

From the point of view of the commission-based organization of the CEMA trade, the traditional trade does not form any particular object of evaluation. In the area of sales, the commissions are mainly intermediaries. The exchange of goods which takes place according to the 5-year general agreements and annual goods exchange records involves trade which is based on quotas. The planning of the economy of the USSR and the demands of the Finnish industry determine the content of the final quotas. For example, the task of the Economic Commission in the goods exchange has been the general follow-up of the development of trade, particularly as regards guaranteeing that the deliveries of merchandise for various projects are implemented. The economic commission observes sales, but interferes with the development only on very rare occasions and major issues.

The halting diversification of imports from the USSR has given the economic commission a more active role than ever in the field of trade. In the 1970's the increase of imports became the special task of the machine and equipment work group which was then established. Attempts to increase the imports have been made by exchanging lists of certain goods when interest in purchasing them has been found. Only recently has the expansion of imports become an actual campaign in the Economic Commission. Even though it has been discussed earlier, and even if the USSR has considered it the main task of the Economic Commission, the attitude towards it in Finland has not been very active. According to an expert on CEMA trade, the attitude is the question of principle, since in Finland we are not used to having to seek imports. Neither have we wanted to use our resources in something which is considered mainly to be the task of the Soviets.

The acknowledgement of the need to increase the imports is a good example of how we have to adjust in order to guarantee the aims based on our own economic profit. It would be also interesting to know what the other partner wants to do to remove this problem, which disturbs the balance of economic relations. To the USSR the trade with Finland is not as "indispensable", from the point of view of national economy, as the CEMA trade, comprising almost a quarter of our foreign trade, is to Finland.

The ST Committee does not operate in the area of actual goods exchange even though the scientific-technical cooperation also aims at cooperation in trade and economy. Neither does the multilateral CEMA Commission directly address the sales. But it is part of the commission's role to clarify the practices of the trade. In this task, the CEMA Commission is the natural forum, since this type of activity has long been practiced in the CEMA integration with its member countries (cf. e.g. Brabant 1980; Ausch 1972). The CEMA Commission has accomplished practical recommendations about the general conditions of trade (so-called TYSE conditions), about standards, and it has collected information for both parties.

### Projects: Science and Technology as well as Commercial Applications

The content and the nature of the economic community change significantly when the position of science and technology as well as the commercially justified project cooperation together with the position of the commission-based system

are observed. A scientific-technical project is frequently a project involving research and experiments which may have a promotional effect on product development in commercial activity. (Cf. e.g. Finland-SNTL... 1980). In a decisive position are the work groups of the ST Committee through which the ideas and the objects of cooperation are introduced to the work group on the Soviet side. At the same time, the ST Committee is giving assistance to Finnish universities, research institutes and companies in establishing contacts with their Soviet counterparts. It is not always easy to find the right counterpart. From the point of view of the companies' interests, the scientific-technical interaction is market research which contributes to finding product development possibilities and making our own products known.

The ST Committee has no responsibility for financing the projects. If the projects proceed to the level of economic cooperation, which is frequently the reason for the companies participating in scientific-technical cooperation, the projects are transferred to the area of operation and under the supervision of the Economic Commission. The ST committee withdraws from commercial development and does not establish contacts with the Soviet foreign trade authorities.

The multilateral projects of the CEMA Commission are generally also scientific-technical projects. However, the projects have not been as extensive as in the bilateral arrangements between Finland and the USSR. A typical project would be the "scientific-technical" parallel testing of a Finnish machine, device or manufacturing method in CEMA countries and Finland simultaneously. When the projects proceed and develop into commercial applications, the companies concerned take full responsibility for the development of the issues together with the organizations of the CEMA countries. It is obvious that the status of the multilateral CEMA Commission in the foreign trade administration, ministry and associations of the USSR is slightly weaker than that of the Economic Commission. On the other hand, the lack of major projects may be a result of the difficulty of implementing large operations on a multilateral basis. This is due both to the complexity of practical arrangements and to the competition between the CEMA countries. According to several experts of CEMA trade, however, the CEMA Commission is the only channel through which Finnish companies and institutions get in touch with the organizations of the CEMA integration system.

The change in the content of the economic cooperation between Finland and the USSR has meant the strengthening of the position of the Economic Commission. The so-called economic projects of the Economic Commission aim directly at commercial goals, and the commission has versatile contacts with the authorities of the foreign trade administration of the USSR. However, the Economic Commission cannot force Finnish companies into anything but, in the end, it is the profitability calculations of the companies which determine the implementation of cooperation with a Soviet partner in spite of the initiative. According to an expert on CEMA trade, the Soviet cooperative partner has sometimes found it difficult to understand this "voluntary aspect" and the Soviets have expressed their desire to tighten the administrative grip over Finnish companies. This may have been a contributing factor to the USSR's desire to establish regulated forms of cooperation.

The development of economic cooperation from projects into long-term program cooperation has lead into the Economic Commission changing from a project commission into a program commission. At the beginning of its activity, in the late 1960's, the commission already operated as a so-called general commission dealing also with scientific-technical issues. Today the general meeting of the commission only deals with such pioneering issues which take years to prepare and develop technically.

While the economic cooperation has stabilized between Finland and the USSR, the administrative arrangements associated with the commissions have changed to some extent. Various projects are still being prepared in the work groups of the Economic Commission and the ideas which form the basis of the preparation come from enterprises. For example, Finnish construction companies have project lists in which they collect ideas of cooperation. Work groups review these ideas and find out which ideas have mutual interest and, generally already at this stage, obtain preliminary approval, which is usually required from the Soviet authorities, for projects worth implementing. When the companies have long-standing relations with the Soviet authorities, it is typical that cooperation takes place outside the Economic Commission. Ideas which are ready to be implemented may be recorded in the minutes of the work group. This is the case for example in ship-building, which uses the chairmen of the Economic Commission more or less as PR representatives and messengers to the USSR. Even more desirable is to use the republic's leadership in this task.

The development of the Economic Commission into Finland's CEMA trade super-commission, perhaps into some kind of planning committee, in which information about CEMA trade, even on the strategic level, exceeds the expertise of the ministries and maybe even of the cabinet, has naturally increased the interest of the political parties and politicians in participating in the activities and the administration of the commission.

#### Examples of Big and Even Bigger Projects

The commission-based administration of CEMA trade has not by any means consisted only of the discussion of ideas, preparation and approval of projects, but very large joint ventures have been implemented between Finland and the USSR. The following examples of big projects are from the field of energy, industrial cooperation, construction activities and so-called scientific-technical cooperation. The size of the projects is one indicator of how a politically-administratively guided system (commission-based system) has been applied, from a Finnish perspective, to the productivity and profitability requirements of economy (rationality of business principles). We could say that CEMA trade occasionally combines the interests of politicians, officials, representatives of science and technology and executives in an exceptional manner.

From the point of view of the energy management of Finnish national economy, building a natural gas pipeline from the USSR to Finland and delivering natural gas has had a considerable significance. Purchasing gas has been a sensitive problem because of the method of operating of the Finnish economic system, since in Finland municipal, independently governed units and individual companies decide on the use of gas according to their own needs.

The government does not have formal or administrative rights to tell anyone to start using natural gas. For example, the decisions made in the major cities have a significant effect on the amounts delivered and, accordingly, to the structure of the CEMA trade and Finland's national economy. There is no doubt that attempts are made to try to influence the decision-makers of the cities concerned in the name of the vital interests of the CEMA trade so that decisions to purchase gas could be made.

In the issue of natural gas, the Economic Commission has been active ever since it started its operation, and in 1967 a natural gas work group was established within the Economic Commission. In the 1970's, also from the initiative of the ST Committee, exchange of experts and information (symposiums) were organized concerning the natural gas issue. Today one of the emphases of the ST Committee, in its long-range programs, is natural gas deliveries to small-scale consumers. Obviously after the need to continue increasing the imports from the USSR as well as the economy and the adaptability of natural gas have become known, the Economic Commission recommended, in 1982, to the Finnish and the Soviet authorities that the countries would cooperate in finding out how to increase the imports of natural gas on the long range. In the same year, President Koivisto and the then chairman of the Council of Ministers, Tikhonov, paid attention to the issue in their negotiations. The commission had probably prepared the issue earlier, since the authorities' organization displayed less typical flexibility in that they immediately established a work group to study the increase of natural gas deliveries and continuing the pipeline in Finland.

Cooperation in the peaceful use of atomic energy has been an object of development in the Economic Commission ever since it started. In its second meeting (1967) the commission appointed a work group to study the issue. By then it had become obvious to the political decision-makers that the first nuclear power plant to be built in Finland would have to be ordered from the USSR, both for political and trade policy reasons. The work group immediately began to study the possibilities to jointly build an atomic power plant and to deliver the nuclear fuel from the USSR. In spite of the complexity of the decision-making concerning nuclear energy, the project proceeded at surprising rate. In 1969 Finland signed, jointly with the USSR, an agreement on the peaceful use of nuclear energy as well as the minutes and a tentative agreement on the delivery of a nuclear power plant to be built in cooperation with the USSR. Along the years, the Economic Commission followed the progress of the construction and hastened it in some phases.

In 1973, when the planning and construction of Loviisa 1 and 2 were in progress, discussions were carried on among experts from both countries on the development of cooperation in the area of energy economy, i.e. possibilities to build more nuclear power plants, to increase deliveries of electricity to Finland and to build heating plants. In 1975 a cooperation agreement on energy economy was made between the governments of Finland and the USSR, according to which the respective organizations and enterprises in Finland as well as the corresponding organs in the USSR will develop cooperation in the years 1976-1985 in the planning and construction of nuclear and heating plants, in the procurement and processing of nuclear fuel and in the transfer of electric energy and the development of peat industry. In the agreement the parties

agree to study the technical problems of Loviisa 3 and Loviisa 4 and it is further agreed that the enterprises and institutions of Finland and the USSR are basically ready to initiate cooperation to plan and construct a new, one-thousand megawatt nuclear power plant in Finland. On the basis of this, a long-term agreement on delivering electric energy to Finland in the years 1980-89 has been made and heating plants have been constructed in various locations in Finland. In addition, negotiations have been conducted on constructing a new nuclear power plant. In 1981 Imatran Voima and VO Atomenergoexport agreed on a study concerning a one-thousand megawatt nuclear power plant.

The construction of nuclear power plants requires a lot of planning. But on the other hand, extensive preparations are difficult for our parliamentary decision-making system. The more planning there has been, the larger the loss would be for the politicians and officials involved in the decision-making process, if the parliament would make a negative decision on the issue of a new nuclear power plant. Even though the USSR obviously is aware of the fact that, according to the new law on nuclear energy which is being prepared, the decision-making capacity rests with the parliament, it is to be assumed that it has considered that the agreement it has made at the cabinet level somehow pins Finland down in the issue of a nuclear power plant. The recent nuclear power plant catastrophe in the USSR may, however, lead to a new assessment of the entire nuclear power plant project in Finland.

Examples of the industrial cooperation between Finland and the USSR are the Kostamus project and the overhaul of the Rautaruukki plants, closely associated with it. The Kostamus project concerns significant cooperation from the point of view of our national economy, since its effect on the employment situation in the area of Kainuu has been decisive. As a project, Kostamus is extensive, having involved, among other things, the construction of a metallurgical combine in 1973-81 with the help of Finns in the autonomous Soviet republic of Karjala.

The Economic Commission was one of the main architects of the giant Kostamus project. An example of how the project was addressed at the highest political level is that, during the Kostamus cooperation, several intergovernmental agreements and minutes were made. The reason for separate agreements was to increase continuity and flexibility since agreements concerning the second and third stage of Kostamus were made before the first stage was completed. As a project, Kostamus was compensation-based which is what the USSR prefers. (Cf. e.g. Malkevitch 1981). To pay for the services, Finns agreed to purchase products of the concentration plant combine of Kostamus as well as machines and equipment in general from the USSR. Products from Kostamus are delivered to the Raahen plants of Rautaruukki which were constructed and expanded at the end of the 1960's according to Soviet plans and with Finnish-Soviet cooperation. Agreements have been made to purchase over one million tons of iron pellets per year, for the minimum of ten years. Finland participated in the funding of Kostamus with 30 million rubles which will be paid back in the above-mentioned metal industry products.

The Kostamus project is a good example of the centralized activity which is far from the ideal of the so-called free trade but which has turned out to be

necessary in the cooperation with the USSR. In Finland the Kostamus project combined the interests of different groups: enterprises and economy made profit and secure lucrativeness to their activities; political decision-makers implemented steady, long-range CEMA trade policy and the officials as well as the administration organized economic cooperation projects according to the agreements. This kind of work towards the same end is, of course, a significant advantage when competing in Soviet projects with industrial countries which frequently offer better credit terms than Finland.

If Kostamus has been a project "administered" by the Economic Commission, the so-called Norilsk project has been developed in the ST Committee. We are concerned with significant cooperation in metallurgy of non-ferrous metals in which the services of the ST committee in Finland have been used by Outokumpu Oy, above others. A work group was established in connection with the 1970 committee. The key agreement of the Norilsk project was signed in the mid-1970's. Finns delivered to the USSR two thermo-melting lines for nickel and copper concentrates, including their licences, and a production facility for carbon powder; these were delivered for the expansion of the metallurgic combine of Norilsk.

Construction activity is an old form of cooperation between Finland and the USSR. In the Economic Commission the need for and the interest in cooperation in construction jobs was laid out in the year the commission was established, i.e. in 1967. With the help of the ST Committee, some major corporations in Finland had carried out construction projects by the end of the 1950's. Among the several projects implemented by Finns in the USSR (among others, hotel construction in Tallinn, forestry center of Paajarvi, hotel construction in Viipuri and Leningrad, shoe factory in Tallinn), one of the largest is the compensation-based expansion of a pulp and paper factory in Svetogorsk, in which the fourth construction stage is still going on. The development of construction projects has also been part of the roles of the ST Committee and the CEMA Commission. The ST Committee has a group of construction experts and a building materials group specializing in this. The similarity and the overlapping of the areas of responsibility of the work groups are a result of the complexity of the corresponding organization in the USSR.

An example of a new type of cooperation focusing on applied research and aiming at commercial profits is the so-called arctic project. It is being developed simultaneously in several different organs but particularly in the ST Committee. In the early 1970's there were discussions in the ST Committee with the arctic and antarctic institute of the USSR concerning a cooperation agreement. In the late 1970's the committee organized specialist meetings concerning the research of the continental shelf of the northern seas in which also Finnish ship-building enterprises and the Soviet gas industry ministry participated. In 1979 an agreement was made about purchasing icebreakers and drilling rigs from Finland for the northern maritime regions of the USSR. According to specialists of CEMA trade, the Finns' possibilities for participation are based on advanced ship-building technology and long-term cooperation in these areas. The utilization of the oil and gas resources of the northern continental shelf is a project which aims far into the future. To coordinate large-scale activities, an arctic work group was established within the ST Committee in 1981. Part of the arctic project is the nuclear icebreaker

agreement promoted by the Economic Commission and signed in 1984. The question concerns an icebreaker for the arctic environment developed with joint research and manufactured in productive cooperation by utilizing the technology of both countries. The icebreaker agreement is some kind of a test case of productive cooperation of the Economic Commission which was made to speed up new productive cooperation. The preparation of the agreement lasted several years.

#### Target of Planning for Next Century, i.e. PAO

The CEMA trade became more and more characterized by planning and administration when, in 1977, Finland and the USSR made an agreement on "a long-range program developing and advancing commercial-economic, industrial and scientific-technical cooperation reaching until the year 1990" (PAO). Quite rapidly (in 1980) the program was extended until 1995. Following that, minutes concerning the continuation until the year 2000 were written. Actually, the visions of cooperation are already focusing on the next century. PAO, through which Finland's CEMA trade was coordinated together with the plans of the Soviet economy, results partly from the negotiations between the heads of the states. In public, President Kekkonen was the initiator of this project. A prelude to long-range planning was the communique of Kekkonen's visit to the USSR in 1970 resulting in an agreement concerning economic, technical and industrial cooperation (a so-called ST agreement), which was similar to the ones the USSR made, at the same time, with other market economy countries. (Cf. e.g. Pravovye formy... 1980).

In practice the purpose of the agreement was to make the countries' cooperation in the above-mentioned areas more diversified. The Economic Commission, led by Ahti Karjalainen, was strongly involved in preparing the issue and producing ideas. It is not far-fetched to think that, at least at this stage, the value of the Economic Commission, in comparison with the other cooperative organs, increased for further "break-through situations".

In 1975 President Kekkonen and the Soviet leadership expressed in their joint communique that it would be necessary to devise a 15-year development program for the commercial-economic relations between the two countries. Soon thereafter, a PAO work group was established in the Economic Commission. The scientific-technical part of the long-range program was prepared by the ST Committee. Later, in the 1980's in the negotiations between Tikhonov and Koivisto, a cooperation project of the farming and foodstuff industries was agreed on, associated with long-range arrangements; the minutes had been prepared by the Economic Commission. In general, in the arrangements of the PAO type, the Soviet interest is based on the fact that the country aims at previously agreed forms and methods in its economic relations with capitalist countries (cf. e.g. Voinov-Iohin-Rodina 1975).

The idea of long-range planning involves that the program creates the framework for economic cooperation from the point of view of the Finns. This framework whose follow-up is the task of the Economic Commission corresponds to the planning of the Soviet national economy. However, PAO does not have the operative nature of obligating the enterprises, even though the foreign trade authorities of the USSR might wish for this kind of administrative influence and a tighter controlling grip. It is to be thought that the long-range

planning per se, however, is more in the interests of the officials developing planned economy than in the interest of market economy enterprises.

Signing the PAO caused operational and organizational changes in the commission-based system. In particular, the number of officials was increased, the supervision and follow-up functions of the commission in the implementation of the economic cooperation was "sharpened" and the mutual coordination of the committees and commissions was revised.

Developing the ability to coordinate resulted, perhaps, in new prospects from the point of view of administrative rationality. Above all, the efforts to coordinate concerned the administration of the commission-based management system. The ST Committee and the Economic Commission coordinated their activities by removing the overlapping activities of the work groups and by keeping in touch through secretariats. Secondly, the activities of the cooperative organs were coordinated by making the times of the meetings and the schedules of each organ more specific. Thirdly, cooperation was coordinated through personal contacts and information flow. (Could this be understood to mean that power was being concentrated to a few?) The ST Committee, Economic Commission and CEMA Commission have the same people both in the leadership (e.g. Tankmar Horn, Jermu Laine) and as officials providing expertise. Interpersonal contacts have also been established between the commissions and the organs participating in the administration of the CEMA trade (mainly the office of the third trade-policy department of the Ministry of Foreign Affairs). In the case of the CEMA Commission, there is still a possibility for increased coordination since, in the area of CEMA Commission, projects are sometimes worked on simultaneously with other cooperative organs. Obviously the practical links are the companies promoting the projects, in which case the coordination is influenced by the fact of how well they actually keep the officials of the commissions informed of their own plans. Coordination is, of course, necessary for the companies if it is efficient, in other words mainly profitable in the economic sense.

#### 4. Final Evaluation: Is There Space for Reforms?

The general question in the headline of the article was, whether the commissions are leading the CEMA trade. The answer, of course, depends on how narrowly or how widely the leadership is understood in this context. In the commission-based system of the CEMA trade, the interest of Finnish companies and the economic rationality associated with it appear in that the ideas for cooperation are generated in the enterprises, and the enterprises are responsible for the practical trade and economic cooperation. In this context, the management of the system is within the control of the market forces. On the other hand, when the system is understood in its widest sense, it includes also preparation, planning, development, supervision, follow-up and implementation. These "roles" belong to committees and commission as well as their secretariats and work groups.

In the CEMA trade, the administrative and more generally political-administrative rationality attempts to remove the fact that not only unprecedented short-range changes in the economy would lead into an "uncontrolled" direction in the implementation of cooperation. If the question is continuously presented in this way, the next thing that comes to

mind is whether the role of the commission and committee system in the CEMA trade should be strengthened. Since the USSR has aimed at this type of arrangements in even wider areas, it can be claimed that the commission-based system is well suited to the principles of socialist foreign trade administration and machinery as well as to its structure. Therefore, it could be concluded that the Soviet partner favors the current administrative model. The Soviet interests could even include further enforcement of the "leading" role of the commission-based system.

It is in the economic interests of the Finns to apply arrangements which, so to speak, satisfy the other party even if it is possible that the major enterprises in Finnish CEMA trade would like to arrange their relations to the CEMA outside of the bureaucracy of the committees and commissions, through their own organizations, and to use the commissions only occasionally as "free consulting assistance". However, they have to conform to some kind of centralized negotiation mechanism at sufficiently high level if far-reaching economic cooperation with a socialist planned economic system is implemented. How Finland's small and medium-size enterprises become "full-scale" partners and have versatile representations according to their areas in CEMA trade may be associated with the development of the committee and commission system (among others, by expanding their participation).

Particularly from the viewpoint of the administration and the change in the tasks, Finland's CEMA trade's commission system has been subject to two developments, partly different in their directions. One of them, i.e. economic rationality, has been represented by the attempts to increase the flexibility of activities and the other, i.e. political-administrative rationality, has been represented by the attempts to increase democratic guidance and influence. Operational flexibility has been close to the interests of the enterprises, in which case there has been a desire to diminish the so-called authoritative influence and a further desire to see the role of (commission) administration only as a service to the enterprises. The political-administrative rationality has emphasized the interest of political organs, in which case the increased public guidance and control has been felt to be necessary. These tendencies have been implemented both as conscious and unconscious reforms.

This type of basic, rational set-up is presented in the enclosed diagram. Let it be mentioned that the diagram has been designed to analyze the committee and commission system only on the Finnish side. Namely, from the Soviet point of view, an increase in the administrative influence and guidance of the authorities represents some kind of flexibility, and in its economic system it is not possible to look at democratic influence separately, in the sense that we do, since economic activities are possible only under the control of the government.

Categorically speaking (the alternatives described are more theoretical than real), CEMA trade, according to item 1, represents an ideal situation, which we should aim at and which, for the sake of balance in the Finnish social and economic system, would be most ideal. Realistically, operational flexibility and the influence and managerial ability of democratic state organs do not generally increase simultaneously. It is very obvious that this has not

happened in the CEMA trade, either. The other extreme is the situation in item 4, which is irrational and not desirable. It is an alternative which is alien to the Finnish economy and the country's political-administrative system. Theoretically it can be thought that this kind of decisions might be made, particularly in international relations. Because of its international commitments and arrangements, a certain country has to accept and establish administrative and other operational models which are alien to its economic and social-policy culture. However, nothing points in the direction that Finland would have had to "submit" to that in the administration of its CEMA trade.

As a matter of fact, the change and the needs for a change in the commission-based system of CEMA trade are incorporated in items 2 and 3. The latter, i.e. a system in which operational flexibility increases as the democratic influence and guidance decrease (or is sparse), favors decisions originating in the interests of the enterprises. This has probably been the basic idea of Finland's commission- and committee-based CEMA trade. The ideas of cooperation and the companies' extensive authority to negotiate are existing and original elements in the operation of the ST Committee, the Economic Commission and the CEMA Commission. It is typical of the operational flexibility that new cooperation projects have been implemented seemingly rapidly at the different stages. A useful custom has been that a work group has been established immediately after common economic interests between Finland and the USSR have been found. In practice, operational flexibility has served the wishes of large corporations. Among other things, due to the giant size of the Soviet markets, large Finnish corporations, which also have obtained central tasks in the committee and commission organization, have grouped together in the CEMA trade.

In the development described in item 2, the question is the increase of the political and administrative influence in the CEMA trade through the committee and commission system. In general, some kind of an indication of this has been the growth of the organization of officials in the commission-based system (particularly in the Economic Commission), the development of various forms of coordination (partly the concentration of tasks) at the end of the 1970's, the growth of partial units of organizations (increase of team administration), etc. Also the extensive network of agreements and minutes emerged in the projects of economic cooperation, as well as the commitment to counterpurchases are indications of increased control. This increase of control has largely been due to the wishes of the USSR but, at the same time, it has provided the Finnish decision-makers with possibilities for more extensive coordination than is normal.

A central trend might be in the fact that, in the early 1980's in connection with the reorganization, the Economic Commission, above all, was more tightly bound to the political organs, i.e. in Finland to the country's government and, subsequently, to our parliamentary system. In this connection, the earlier administrative model, which emphasized personal continuity and was more person-oriented, was discarded. At the same time, during the chairmanship of Sorsa, the commission's basis of social participation has been made somewhat more versatile. The Economic Commission itself is changing from a project and program commission into a planning organ, in which the future

prospects and problems of the CEMA trade will occupy even more of the commission's resources.

From the point of view of the rational total development of our political-administrative system, we are far from having a uniform administrative system consisting of foreign trade and CEMA trade. Such a reform would almost mean that the commission-organization would have to be subordinated to a ministry specializing in foreign trade (e.g. Foreign Trade Ministry), in order to simplify the coordination and to avoid the complexity of administration; the cabinet would need a council of ministers for the long-range planning of the CEMA trade and the parliament would have to replace some less active committee with at least a foreign trade committee to follow up on foreign trade development.

Diagram. Extent of Commission System.

		Functional Flexibility	
		increases	decreases
democratic influence and guidance	increases	1	2
	decreases	3	4

12956  
CSO: 3617/40

## SPECTRUM OF EEC MEMBERSHIP EVALUATED

Athens TO VIMA in Greek 1 Feb 87 pp 46-47

Article by D. Stamboglisis

Text One day before the commemoration of the 526th anniversary of the fall of Constantinople, specifically 28 May 1979, the act by which Greece joined the European Community was signed in the Zappeion Building.

It will shortly be 8 years since the time of the signing, a period during which the above-mentioned comparison between the signing of the act and the fall of Constantinople proved to be in bad taste, just as it was demonstrated that Greece did not enter into paradise as some in the EEC had suggested.

Nevertheless, what was shown in the 7 or more years since the signing of the act was that under certain conditions Greece could benefit financially from having joined the European Community, without this meaning, however, that economic disparities between the two sides have diminished. These disparities continue to exist to the point where the poorest region of Greece (Thraki) is getting just one-tenth of the income of the richest region in the EEC (Hanover). This ratio was one to eight prior to Greece's joining the EEC.

And yet between 1979 (when the act was signed) and 1981 (when Greece actually joined) procedures for incorporating the Greek economy into the EEC were worked out while between 1981 and 1985 the results of the economic dealings between Greece and the EEC proved to be positive for the former.

According to double-checked data of the government's General Accounting Office and the European Committee, Greece's net financial profits from the EEC between 1981 and 1985 are shown in the following table (in millions of ECUs European Currency Units):

Profits for Greece

1981	175
1982	685
1983	990
1984	960
1985	1,010

(It should be noted that in 1981 one ECU was equivalent to 61.62 drachmas, 65.3 drachmas in 1982, 78.1 drachmas in 1983, 88.33 drachmas in 1984, 105.74 drachmas in 1985 and about 145 drachmas in 1986.)

At this point two interesting facts must be added. The first relates to 1986 and 1987 revenues. According to 1986 estimates, net profits for Greece (net financial profits) will come to 150-155 billion drachmas, while for 1987 they are expected to be 255 billion drachmas at current drachma-ECU equivalent rates. The second interesting factor is related to estimates made in 1980 by ND about the net financial profits for Greece from the EEC. At that time ND had calculated that these profits would not go beyond 50 billion drachmas in 1985, although they reached 116 billion drachmas in the long run (at 1985 equivalent rates).

In other words, in 1985 alone Greece gained over 100 billion drachmas from the EEC. This sum is significant, even if one were to take into account damage (that is particularly difficult to calculate) suffered by the country because of the diversion of its trade, in other words through import of goods from countries prescribed to us by the EEC, thus offsetting the possibility of our obtaining these same goods from third countries at cheaper prices.

The fact that the EEC does, indeed, force us to import meat from member states at high prices although we could have obtained it (as we used to do before we joined the EEC) at cheaper prices from Bulgaria and Yugoslavia, had a negative effect on Greece's agricultural and subsequently trade balance. It should, however, be pointed out that our trade balance prior to and after our joining the EEC was and still is negative not only with the EEC but with all other country "entities." The trade deficit with the EEC since 1979 does show fluctuations but it covers almost half of the overall trade deficit, as shown in the table below:

Trade Deficit With the EEC  
in Relation to the Overall  
Trade Deficit (%)

Imports from Exports to Deficit with EEC  
the EEC at % EEC at % of at % of Total  
of Total Total

	Imports from Exports to the EEC at % of Total	Deficit with EEC at % of Total	Overall Trade Deficit (%)
1979 .....	43,2	41,0	44,5
1980 .....	38,8	40,1	37,8
1981 .....	41,5	34,9	46,2
1982 .....	46,6	37,2	53,2
1983 .....	46,6	36,2	52,1
1984 .....	45,3	40,2	49,4
1985 .....	45,6	38,8	50,3

The evolution of Greece's trade balance with the EEC, to the detriment of the former, is the result of not only an increase of our imports from the other member states (due to the gradual freeing of imports) but of a limitation on our exports. This latter factor was primarily the one that provoked strong opposition during the negotiations between Greece and the EEC from 12 June 1975, when the official request was made to join, until the beginning of 1979 when negotiations ended. The course of these negotiations caused the resignation of certain ministry officials who took part in them (as, for example, the current committee member, Mr Grig. Varfis, former adviser to Prime Minister A. Papandreu in EEC matters). The adoption of EEC views on quotas on our wines, our textiles, etc., undoubtedly facilitated Greece's entry into the community more quickly but was also to its detriment.

(Procedures in negotiations with the EEC were condensed so that Greece would not have had to join later on together with Spain and Portugal under more unfavorable terms).

In order to compensate for these unfavorable effects caused by joining the EEC, Greece submitted its famous "Memorandum" of 19 March 1982. It is generally acknowledged that exactly because of this "Memorandum" Greece gradually began to get more and more from the EEC. Because of the "Memorandum" the following matters were speeded up: (a) the recognition of the particular nature of the Greek economy; (b) the extension of EEC regulations on categories of goods other than those originally designated, with the result that Greece benefited financially; and (c) the way was opened for the adoption of the Mediterranean Integrated Programs (MOP).

The financial benefits stemming from the "Memorandum" over a 5-year period were over 500 million ECUs.

Specifically, the following amounts, in ECUs, will be collected by way of the "Memorandum" (some have already been collected):

Specific measures in the social field	120
Transportation infrastructure	25
Agricultural regulations (for granting agricultural advice, irrigation projects, quality controls on products, etc)	319
Total	442

According to a recent statement by Alternate Minister of Foreign Affairs Th. Pangalos in the Chamber of Deputies, benefits from the "Memorandum" come to 442 million ECUs, i.e. 66 billion drachmas.

Within this context, moreover, Greece also asked for and succeeded in having the implementation of the Value Added Tax (FPA) postponed twice and in having an adjustment tax imposed on imported industrial goods that were competitive with Greek goods. (The European Committee has figured that the postponement of the Value Added Tax brought Greece a profit of approximately 20 billion drachmas. There are no specific figures on the adjustment tax).

At the same time, with regard to the Mediterranean Integrated Programs, according to commitments made by leaders of the EEC member states at summit meetings, Greece will collect about 200 billion drachmas by the end of 1992.

It is therefore clear that without the "Memorandum" and its acceptance by the EEC, Greece's financial benefits would not be what they are today. It is also evident that profits for the country are the result of the militant stance of Greek governments in negotiations with the EEC after Greece joined up.

**State Budget Deficit in Greece  
and in EEC Countries**

	% GNP	
	1980	1985
Greece	- 5,4	-12,5
France	0,3	- 3,2
Germany	- 3,1	- 1,2
Belgium	- 9,9	- 3,6
Luxembourg	- 0,8	2,1
Italy	- 8,4	-13,6
Netherlands	- 4,0	- 5,9
U.K.	- 3,4	- 3,3
Ireland	-11,8	-11,5
Denmark	- 3,3	- 2,0

Source: EEC Annual Econ.  
Report -- 1986-1986

**Unemployment in Greece  
and in EEC Countries**

	Percentage of Unemployment			
	1981	1984	1985	1986
Greece	-	-	8,3	-
France	7,8	10,1	10,5	10,8
Germany	4,7	8,4	8,6	7,5
Belgium	11,1	14,4	14,5	12,9
Luxembourg	1,0	1,7	1,7	1,4
Italy	7,9	11,8	12,5	13,6
Netherlands	8,8	14,3	13,3	12,3
U.K.	9,2	11,8	12,2	12,2
Ireland	10,2	16,3	17,1	18,1
Denmark	8,9	9,9	9,2	6,9

Source: EEC, European Economy

**Evolution of Trade Balance  
With the EEC  
(million dollars)**

	<b>Imports</b>	<b>Exports</b>	<b>Deficit</b>
<b>1973.....</b>	<b>2.011,5</b>	<b>550,9</b>	<b>1.460,6</b>
<b>1974.....</b>	<b>2.115,1</b>	<b>678,8</b>	<b>1.436,3</b>
<b>1975.....</b>	<b>2.354,3</b>	<b>721,3</b>	<b>1.563,1</b>
<b>1976.....</b>	<b>2.372,0</b>	<b>863,6</b>	<b>1.508,4</b>
<b>1977.....</b>	<b>2.875,7</b>	<b>1.044,9</b>	<b>.830,9</b>
<b>1978.....</b>	<b>3.335,0</b>	<b>1.251,2</b>	<b>2.083,8</b>
<b>1979.....</b>	<b>4.364,6</b>	<b>1.612,7</b>	<b>2.751,9</b>
<b>1980.....</b>	<b>4.234,8</b>	<b>1.840,8</b>	<b>2.594,2</b>
<b>1981.....</b>	<b>4.759,1</b>	<b>1.666,2</b>	<b>3.092,9</b>
<b>1982.....</b>	<b>4.695,5</b>	<b>1.541,6</b>	<b>3.153,9</b>
<b>1983.....</b>	<b>4.419,0</b>	<b>1.610,3</b>	<b>2.808,7</b>
<b>1984.....</b>	<b>4.411,0</b>	<b>1.768,8</b>	<b>2.644,2</b>
<b>1985.....</b>	<b>4.950</b>	<b>1.739</b>	<b>3.211</b>
<b>1986.....</b>			
<b>Jan-Aug . . .</b>	<b>3.774</b>	<b>1.433</b>	<b>2.341</b>

Source: Bank of Greece; Monthly Statistical  
Bulletins

5671  
CSO: 3521/75

## LOW LEVEL OF ECONOMIC RELATIONS WITH ARAB COUNTRIES

Athens I VRADYNI in Greek 9 Jan 87 p 19

[Text] The level of the country's relations with the rich Arab countries, as well as with African countries having a strong Greek element presence is low despite the anti-Western and pro-Third World policy of the Papandreu government. In a report on Greece's 1986 economic relations with other countries, National Economy Deputy Minister G. Papandoniou attempted to justify the failure of this policy to attract investments (despite Papandreu's predictions for an abundance of Arabian dollars as soon as PASOK assumed power).

Even though it is evident that the lack of a cautious foreign trade policy and the uncertainty Greek "socialism" creates among foreign investors are responsible for the lack of investments, Papandoniou blamed external causes such as, for example, the drop in the oil price which caused economic problems in foreign countries.

Generally, development of our 1986 intra-state relations on all fronts is considered negative. For example, presently the only tangible results with Eastern countries are the non-implemented agreements for an alumina plant in Greece, procurement of natural gas from the Soviet Union, the investment program for processing lignite jointly with Czechoslovakia, and manufacture of railroad rolling stock jointly with East Germany.

Our economic relations with the Arab countries are shrinking and no progress was made in Africa despite the visit there in 1986 by a Greek trade mission and by the Greek minister of foreign affairs.

It was made known that National Economy Deputy Minister G. Papandoniou will undertake two official trips: to Washington, thus reciprocating the (non-productive visit to Athens by Assistant Secretary [of Commerce] Goldfield), and to China where, Papandoniou believes, there exist margins for development of trade relations following that country's market opening.

7520  
CSO: 3521/57

## STATISTICS SHOW LOWER INFLATION RATE

Athens I KATHIMERINI in Greek 14 Jan 87 p 9

[Text] The National Economy Ministry announced that in 1986 the price index rise was finally limited to 16.9 percent. The government considers this development satisfactory because it deviates only slightly from the stabilization program target of 16 percent. However, one should not forget that this was achieved artificially through the freezing of prices in the past 2 months. It should be noted that the average increase in the 1986 price index was maintained at the high percentage of 23 percent.

The effect of price freezing is also evident in the very small increase of 0.9 percent the price index marked in December. More particularly, development of prices in December and during the 1986 January-December 12-month period is as follows, according to information by the National Statistical Service:

In December 1986, the General Consumer Price Index in urban areas increased by 0.9 percent compared to November of the same year. In the same months in 1985 and 1984 the corresponding increases were 3.3 and 1.5 percent.

The December 1986 price index increased 16.9 percent compared to December 1985, while the corresponding increases in the same 1985 months compared to 1984 and the same 1984 months compared to 1983 were 25 percent and 18.1 percent, respectively.

The average 1986 (January-December) price index compared to 1985 increased by 23 percent. In 1985, the increase was 19.3 percent compared to 1984, and the increase in 1984 was 18.4 percent compared to 1983.

The December 1986 price index of 0.9 percent was due to the increase of price indices of the following groups:

- a. Foodstuffs: 1.0 percent--mainly due to increases in the price of lamb, pork, fresh fish, fresh vegetables, potatoes, and restaurant and coffee-house items. On the contrary, there was a decrease in the price of fresh fruits.

- b. Health: 2.9 percent--personal grooming (barber shops, beauty parlors, etc.).
- c. Education-Recreation: 1.3 percent due to small increases in various recreation items.
- d. Housing: 0.8 percent, due to increases in rents.
- e. Transportation-Communications: 0.7 percent, due to a rise in taxicab fares, etc.

The price index of other groups had minimal effect on formation of the General Index.

7520  
CSO: 3521/57

## BRIEFS

FOREIGN INVESTMENTS FOR 1986--Foreign capital investments in Greece increased in 1986 and came to 103 million dollars overall. As Deputy Minister of National Economy Pan. Roumeliotis announced, between 1 January and 31 December 1986, foreign capital amounting to a total of 103 million U.S. dollars had come under the provisions of Legislative Decree 2687/53 and Presidential Decree 170/86. Mr Roumeliotis stated that of this capital a sum of 50 million dollars is destined for productive investments in accordance with provisions of Legislative Decree 2786/53 and the remaining 53 million dollars for the implementation of direct investments in our country in accordance with provisions of Presidential Decree 170/86 with which the movement of capital between Greece and the other European Community member states is governed. Capital that has been approved through provisions of Legislative Decree 2687/53 will be exclusively invested in the processing industry sector while capital approved through Presidential Decree 170/86 is destined for investment in tourism, credit, insurance, trade and the processing industry. Of the investments made on the basis of provisions of Legislative Decree 2687/53 the main ones were by Motor Oil Co. (3,149,433,000 drachmas), the Arab-Greek Bank (1,259,773,000 drachmas) and Hellenic Steel (1,027 million drachmas), while the main investments made on the basis of provisions of Presidential Decree 170/86 were by the Bank of Crete (979,824,000 drachmas), the Greek Investment Joint Stock Bank (979,824,000 drachmas) and Toyota Hellas (800 million drachmas). /Text/ /Athens I KATHIMERINI in Greek  
30 Jan 87 p 7/ 5671

CSO: 3521/75

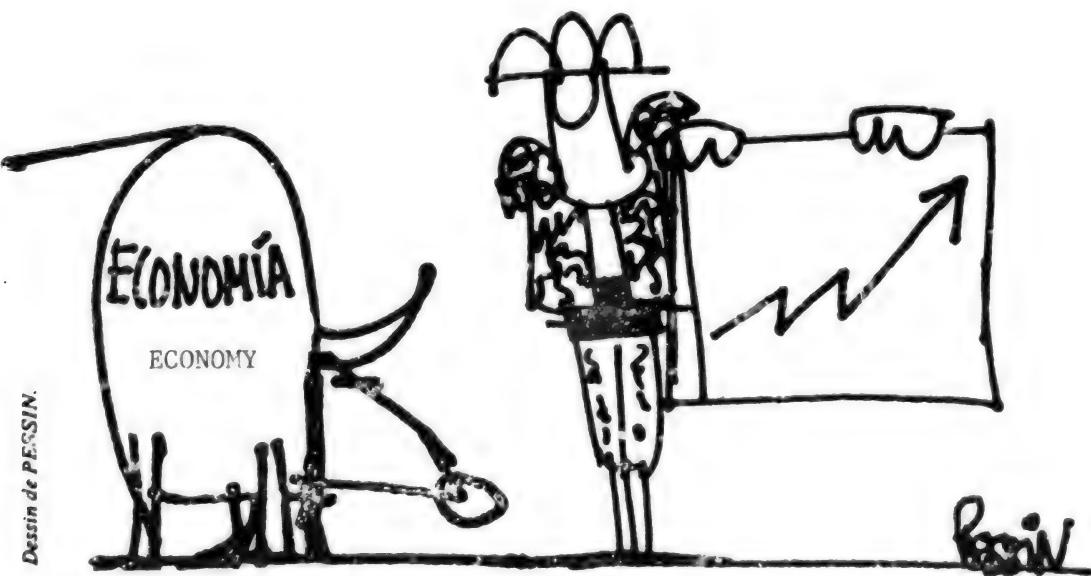
## NATIONAL ECONOMIC SITUATION REVIEWED IN LIGHT OF EEC MEMBERSHIP

Paris LE MONDE in French 6 Jan 87 pp 31, 34

[Article by Thierry Maliniak: "A Year After Joining the EEC, Spain is Stirred to Action"]

[Text] The Spaniards certainly seem to have ambivalent feelings regarding Europe. After showing their general enthusiasm by praising the political advantages of joining the EEC, they are now bemoaning the economic consequences of that move!

In 1985, Spain's only consideration in joining the European Community was "to gain admission to the club of democracies." In 1986, it began to realize the price which this entails. To start with and during the first few months, there was the obsessive fear of higher prices: the introduction of the VAT, which became compulsory under the terms of membership, resulted in a 2.8 percent inflation rate for the month of January alone.



After getting over that initial fear and with inflation apparently down to its former rate, the Spaniards found a new cause for worry: the dramatic imbalance of their trade exchanges with the rest of the community. It is possible that the prophets of disaster were right when they claimed that Spanish company managers were not ready to fight on equal terms with their competitors.

Alfredo Molinas, chairman of the Catalan employers' organization, notes with sad irony that "instead of Spain entering the community, it is the community which is massively entering Spain." Indeed, the figures seem irrefutable. During the first 10 months of 1986, Spanish exports to the EEC only increased (in pesetas) by 6 percent while imports went up by 30 percent compared to the same period of 1985. For 35 commodities, the increase was in excess of 40 percent. The backing rate also dropped suddenly from 115 to 99 percent.

Spain lost ground in its trade with most of the other EEC countries. In particular, Spain's imports from Italy went up by 52 percent and imports from Belgium by 49 percent while the only appreciable increase in sales were with small countries such as Greece and Denmark which represent normal markets for Spain.

Spain's purchases from the EEC have increased by 69 percent for fertilizers, 98 percent for automobiles, 98 percent for steel sheets and 189 percent for clothing. The increases concern agricultural products--since Spain is now subject to the community preferential rules in that sector--as well as capital and consumer goods.

Employers are therefore bemoaning the fact that they have lost an increasing share of their own market to "a foreign invasion." The government, for its part, tries to pacify them. "The increase in imports is not as catastrophic as it seems," says a top official in the Ministry of Economy. "It is partly linked to the economic situation as it is at present. Our country is now part of the international distribution chain. Foreign companies want to get into position here to gain their share of the market and to do so they do not hesitate to adopt prices which are almost dumping prices."

It is true that several factors contribute to explain Spain's poor trade performance versus its new European partners. But although the trade balance has deteriorated, the current balance of payments, mainly thanks to tourism, continues to show a large surplus and this has strengthened the standing of the peseta. Under such conditions, it is therefore impossible to use the devaluation mechanism to help exporters even though Spanish inflation remains, on an average, 5 points higher than inflation among its European competitors.

Besides, the increase of imports is linked to the recovery of the Spanish economy. After several years of showing profits, the enterprises first reorganized their financial situation then, in 1986, they went back to a

policy of investments. The net formation of fixed capital is estimated to have increased by between 8 and 9 percent, a rate without precedent in almost 20 years. As underscored by Jose Luis Ceron, chairman of the Economic Commission of the Employers' Confederation, "Spanish company managers have massively imported capital goods to modernize their plants to confront the new European competition."

The takeoff of investments was accompanied by a resurgence of private demand which went up by 3.5 percent in 1986. After several years of stagnation, consumers have experienced a slight increase in their purchasing power and they have also turned to foreign goods. As summed up by a Western diplomat posted in Madrid: "The unusual sensitivity of the Spanish external sector in the face of fluctuations of the domestic economic situation has come to the fore once more."

Although the economic situation as it is at present helps to qualify the analyses, they still do not change in any way the basic problem which is the problem of the competitiveness of Spanish companies. After operating for half a century inside the cocoon of a protected economy, employers from south of the Pyrenees now find themselves exposed to the harsh winds of free competition.

Customs barriers have started to come down (10 percent in 1986), quotas are gradually raised and the often concealed tax reliefs for exports are disappearing. "Joining the EEC has not resulted in loss of competitiveness," the Madrid daily EL PAIS notes in an editorial article, "but it has brought to the fore the lack of competitiveness which is a traditional characteristic of the Spanish business manager."

This is a theory which the employers are naturally trying to refute. "We cannot be expected to run freely like our competitors while we are kept with a leg tied to the tree," Ceron said. Spanish employers claim to have some disadvantages compared to their competitors. "Our costs," is the unanimous answer given at the headquarters of the Employers' Confederation. "Our social security payments are more costly, our energy costs are higher and, besides, our labor market is much more rigid than that of our neighbors. As long as those problems remain unresolved, we cannot compete on equal footing within the European club."

The labor unions, as expected, disagree. "The employers talk about the burden of social contributions which are, indeed, higher in Spain. But they fail to mention that their wage bill remains among the lowest in Europe or that there has been a remarkable increase in the productivity and profits of their enterprises in recent years," notes Jose Maria Zufiaur, an official of the UGT [General Union of Workers] labor organization.

And he adds: "Nor can they claim that our labor legislation is too rigid and that it prevents companies from dismissing workers when 93 percent of all the requests for dismissals presented during the last 6 years were approved."

"Besides, if the rules by which employers must abide are so terrible, how come that foreign companies are scrambling to get into our country?" In 1986, and for the third consecutive year, foreign investments in Spain have considerably increased: they were up by 47 percent for the first 11 months of that year.

Membership in the EEC has thus reopened an old debate which is now more topical than ever: when Spanish employers face their competitors, they are either the victims of a paralyzing state interventionism or, conversely, they have become accustomed for too long to live on state subsidies. In fact that debate now going on south of the Pyrenees has become a political rather than an economic issue.

"In any case," notes a foreign economic expert, "what is certain is that Spanish employers are not at a disadvantage compared to their European competitors if one takes into account all the charges which they have to pay. On the contrary; but by emphasizing the issues of social security and a more flexible labor market, they stay away from the subject of knowhow, technological level, organizational ability and management. In fact they avoid talking about the real challenges facing them."

Yet a number of company managers seem to want to take up these challenges. The remarkable growth of investments shows that many of them are determined to go on to the offensive. In that respect, everything leads to believe that EEC membership will bring about an accelerated renewal in the business world.

First, a renovation of the staff is needed, with the gradual stepping aside of those who had become accustomed to living off the administration's protection, but also a renovation of production methods. "Now that the hunting preserves have disappeared, the Spanish enterprise must redeploy on a new basis, on the basis of selectivity," underlines a foreign businessman. "Producing anything at any price is a thing of the past. From now on, one must identify the openings available to Spain in the European framework."

These openings will also be defined beyond the borders. "Spain has started to join in the trade between multinational companies," says Ceron. "And its future industrial picture will greatly depend on the production role assigned to it by the multinationals in days to come." All these are world-wide considerations for a country which has long remained nervously retrenched within itself. By joining the EEC, Spain has also truly joined the world!

8796/12858  
CSO: 3519/62

**DOCUMENT PROPOSES INCREASED ASSISTANCE TO LATIN AMERICA**

Madrid EL PAIS in Spanish 14 Jan 87 p 11

[Text] Madrid--Spain will try to change the nature of European cooperation with Third World countries by focusing mainly on Latin America. The nature of this cooperation now is: 40 percent for Africa, 32 percent for Asia, and only 14 percent for Latin America. Spain's proposal contained in a document called Guidelines for the Policy of Cooperation for Development entails changing the trend in the medium term so that Spain's official aid for development becomes: 45 percent for Latin America, 38 percent for Africa, and only 9 percent for the Asian countries in the Pacific with which our country has few interests in common.

The document which contains the Spanish proposal will be approved at a future Council of Ministers. It will complement the 1987 PACI [Plan for International Cooperation] which received a /green light/ [in italics] at the last cabinet meeting in 1986. According to the document, our country will try to double its official aid for development to Third World countries until 1990. This aid is only 0.15 percent of the GDP in 1987 while the OECD average is 0.36 percent.

Spanish aid for the development of other countries totals more than 43 billion pesetas in credits and donations in 1987. This is the first time there has been a global plan for this type of aid.

Equatorial Guinea benefits the most with almost 1.9 billion pesetas in donations and credits. President Felipe Gonzalez is now visiting Egypt, the African country that receives the least (800,000 pesetas). Among the Latin American countries, Brazil, Bolivia, and Nicaragua receive the most aid this year, followed by Costa Rica and Peru.

**Insure Balance**

Despite declaring that the priority for official Spanish aid must be Latin America, the Guidelines for the Policy of Cooperation for Development warns: "Spain's interest in insuring balance and stability in northern Africa as well as neighborly relations advise continuing a high degree of cooperation with it." (The paragraph apparently refers to the Mediterranean countries in

northern Africa with the exception of Libya which is not included in the 1987 program of official aid for development.)

This document also states: "Spain's great financial participation in the European Community (fifth highest contributor to the European Development Fund) can only be beneficial if our penetration in Africa increases."

7717

CSO: 3548/38

**PEACE RESEARCHER WILHELM AGRELL ON DEFENSE THREAT INCREASE**

Stockholm DAGENS NYHETER in Swedish 18 Dec 86 p 4

[Op Ed Article by peace researcher Wilhelm Agrell; first paragraph is DAGENS NYHETER introduction]

[Text] What do the superpowers want with the Scandinavian Peninsula? The Soviet Union is building up its Northern Fleet, which is based on the Kola Peninsula. The United States is changing its strategy and behaving more offensively on the oceans. The Nordic Region has been transformed into a confrontation zone. This is putting the security policies of the Nordic countries to new tests, writes Wilhelm Agrell.

Every era seems to have its major security policy issues, which are given close attention, discussed, and eventually put aside. That same process is clearly observable in the Nordic debate on security policy as well. Around the middle of the 1970's, issues involving petroleum and other energy sources were the center of attention. They have been replaced by issues involving medium-range nuclear weapons in Europe and NATO's nuclear strategy.

Over the past couple of years, the consequences of the naval arms buildup by the superpowers have emerged as a new key issue in the debate, especially in Norway and Denmark.

The debate over the naval buildup and its significance to the Nordic area is based to a large extent on specific military developments which are in full swing and which continued for a long time without attracting great attention.

The main question in the debate now underway has to do with the extent to which developments in the naval forces and strategies of both superpowers are changing the situation of the Nordic area and whether, as a result, the Nordic area is being transformed from a low-tension area into a confrontation zone.

**Norway's Situation**

A great many of the strategic questions involved in the debate have to do with Norway's situation. Since the 1960's, Norway's security policy has emphasized the ability to defend northern Norway in the event of a limited war. At the

same time, Norway has kept a low military profile in an effort to avoid provoking the Soviet Union in a sensitive area of the country.

The problems being created for Norway by naval strategic developments are given detailed treatment in a book edited by Johan Jorgen Holst and others. In that book, entitled "Deterrence and Defence in the North," a number of Norwegian and American experts present their interpretations of strategic developments in and around the Nordic area.

Holst himself, who is currently minister of defense, sums up Norway's dilemma as being a consequence of the fact that the U.S. superpower resources for which Norway feels a need are also global in nature: "The fear of being abandoned competes with the fear of being forcibly drawn into an arms race. The protector should be close at hand but also at arm's length."

In practice, that turns out not to be very easy. Norway's--and, indirectly, the entire Nordic area's--situation is determined in the final analysis by the calculations on which the mutual behavior of the superpowers is based.

The original basis for that twofold Norwegian security policy was that Norway's own limited defense forces were counterbalanced by limited offensive capability on the Soviet side and the fact that Soviet ability to increase that capability was no greater than Norway's ability to call in Allied reinforcements in sufficient time to meet the threat.

The expansion of the Soviet Northern Fleet from the 1960's on gradually changed that state of things. As the 1970's wore on, the Norwegians came to feel a growing need to make preparations and secure guarantees ensuring that they would receive reinforcements in the early stage of a conflict.

#### Soviet Navy

The big uncertainty here has to do with how the buildup of the Soviet Navy, and especially the Northern Fleet, is to be interpreted, and that question is one main theme in the current debate. The most exhaustive and all-around treatment of that question is provided in the comprehensive report entitled "Naval Strategies and Nordic Security Policy," which was produced by the Danish Parliament's Committee on Security and Disarmament Policy (SNU).

The SNU's report discusses in detail the various Western assessments of the Northern Fleet's mission. Two views of the matter stand in opposition to each other. One is that its chief mission is to establish and defend a "bastion" for Soviet nuclear-armed submarines in the Barents Sea. The large surface combat vessels in the Northern Fleet would, therefore, be used to combat NATO's surface vessels and killer submarines in a forward defense zone.

The other view is that the Northern Fleet's primary mission in wartime would be offensive and directed against NATO's sea routes across the North Atlantic.

The question, however, is where the first mission ends and the second begins. In July 1985, the Northern Fleet conducted a very big exercise in the

Norwegian Sea. The obvious purpose was to test a forward defense of the Murmansk base and the surrounding waters. Barrier lines of submarines and battle groups consisting of the largest surface vessels practiced engagements with units representing NATO's aircraft carriers and troop transports on their way to Norway.

The SNU report notes that a Soviet aspiration to conduct a forward defense of the submarine bastion around Murmansk in wartime is also resulting in the ability to sever maritime links with Norway and to threaten the routes over the Atlantic. That Soviet aspiration to achieve an increasingly distant forward defense is related to the development of a new U.S. naval strategy.

#### U.S. Interest

The tepid U.S. interest in the so-called northern flank began to change around the middle of the 1970's. Norway's desires for early reinforcements met with more sympathy, and one result was the agreement on the advance storing of equipment for a Marine brigade in Trondelag.

The United States had begun to view the Soviet naval buildup as a growing threat, but above all, the change was part of a process affecting the entire U.S. naval strategy. Behind that process, in turn, lay a larger pattern in which U.S. strategy in a number of areas was beginning to move more in the direction of being able to fight out a war successfully than simply trying to maintain nuclear deterrence.

The new naval strategy was being pushed both by members of the Navy and by the politicians, chief among them Secretary of the Navy John Lehman. The main features of that strategy, sometimes referred to as the Lehman Doctrine, are that the United States should use its Navy actively and offensively during a crisis to exert pressure on the Soviet Union and, in wartime, to tie down Soviet military forces and help bring the hostilities to a victorious conclusion.

Those objectives are presented exhaustively and authoritatively in the document "The Maritime Strategy," published by the U.S. Naval Institute in 1986. It describes the new naval strategy as a revolutionary development and a rebirth of the U.S. Navy following decades of decline and a lack of unified strategy.

The development and purport of that naval strategy are also dealt with in the SNU report, but the best Nordic analysis to date is found in a special issue of the Norwegian journal INTERNASJONAL POLITIKK devoted to "The United States and NATO in the Norwegian Sea." The questions raised by the contributors to that issue are concerned primarily with the extent to which the new naval strategy is to be viewed as an instrument in the battle for defense appropriations or as a genuine military phenomenon and, if the latter is true, with the role that Norway and the Nordic area will be called upon to play.

One proof that the naval strategy is not just a budget weapon being used against Congress is to be seen in the changes that have occurred in the U.S.

Navy's peacetime performance. The exercises conducted in the Baltic Sea in October 1985 by a U.S. naval task force that included the modernized battleship Iowa were part of a pattern of increased naval presence and exercises aimed at offensive action against Soviet naval fighting forces and their bases and facilities along the Baltic coast and on the Kola Peninsula.

#### Combat Area

Researcher Stein Melby points out that one of the most important specific changes in the new strategy is precisely the U.S. attitude toward Norway. The country was once regarded as part of a peripheral flank area, but Norway and the Norwegian Sea are now seen as a primary combat area during a conflict. In a crisis, it is there that the U.S. Navy will "step up pressure" on the Soviet Union, and in the event of a war, it is there that the offensive forward defense aimed at pushing through to the bases on the Kola Peninsula will take place.

As far as Norwegian policy is concerned, this U.S. naval strategy is creating a growing and basically unresolvable dilemma: the protector is now willing to be close at hand, but does not want to stay at arm's length. To the United States, Norway and the Nordic area are valuable from the standpoint of a global strategy whose principles are radically different than the Norwegian balancing act between deterrence and low tension.

It is a consistent and deliberate feature of U.S. strategy that no sharp distinction is made between conventional and nuclear weapons. The idea is to be able to carry out the strategy with or without nuclear weapons: the goals are the same.

Accordingly, U.S. Chief of Naval Operations James Watkins writes in "The Maritime Strategy" that in its offensive operations, the U.S. Navy "will engage in aggressive warfare against all Soviet submarines, including those armed with nuclear weapons." Watkins says that this is an important objective precisely because the Soviet Union assigns great importance to the balance of power in the nuclear area even during conventional combat.

The thing that stands out here is quite simply a nuclear war that will be fought out or at least initiated with conventional weapons. New weapons technology has opened the door to that development on a wide front. While the debate in West Europe and the Nordic area has been circling around the new U.S. medium-range missiles for several years, the U.S. Navy has initiated a tenfold increase in its procurement program for cruise missiles intended for use against surface ships and targets on land. Some of those missiles carry nuclear weapons, but most are armed with conventional warheads.

#### Cruise Missiles

In one of the articles in INTERNASJONAL POLITIKK, Ragnvald Sohlstrand, head of the Norwegian Armed Forces Research Institute, discusses the problems caused by cruise missiles. Here again, the Norwegian dilemma becomes obvious: on the one hand, the conventional missiles will dramatically increase NATO's ability

to combat the Northern Fleet's large surface fighting ships, and on the other hand, those missiles, which are accurate to within about 10 meters, can be used very successfully against fixed installations on the Kola Peninsula.

And as the Danish SNU report notes, the vulnerability of submarine-based nuclear weapons is not to be found primarily in the submarines themselves, but in the communications facilities on land that are necessary if the system as a whole is to operate.

In the mid-1980's, the naval arms buildup, with its interplay between new technology and strategies and between moves and countermoves, has changed several of the assumptions on which the security policies of the Nordic countries have rested until now. The most important change, obviously, is the fact that by a gradual process, the Nordic area has been transformed from a strategically peripheral and low-tension area into a potential confrontation zone in the event of crises or an armed conflict.

The result is that the superpowers' special interest in maintaining a low profile in the Nordic area has disappeared. On that point, there is rather solid agreement in the debate on naval strategy that I have been discussing.

On the other hand, there is scarcely any consensus concerning the conclusions we should draw from that fact. The SNU report captures those problems in a concluding commentary in which it notes that this development in naval strategy--unfavorable from the standpoint of the Nordic countries--will presumably continue and that in all essentials, it is beyond the possibilities of the individual Nordic countries to influence it.

To this we can add that the dilemma surrounding deterrence and detente will become even more difficult, especially for Norway, and that developments are also undermining much of that on which Swedish security policy has been based for two decades.

11798  
CSO: 3650/39

## 'FRANCONIAN SHIELD' PRESAGES FUTURE FRANCO-GERMAN MANEUVERS

Bonn TRUPPENPRAXIS in German Nov/Dec 86 pp 592, 593

[Article by Walter Stratmann: "The Franconian Shield"]

[Text] He comes across as young and energetic, and--it was assured--reportedly very popular with his troops! This such highly praised person--Brig Gen Claude Mouton--was the commander of the French unit which participated in brigade strength in the large-scale maneuver "Franconian Shield." In place of the 15th Armored Brigade, which served as the guest and press headquarters for the duration of the exercise, 2 French armored regiments of the 1st Armored Division, 1 motorized infantry regiment, 1 artillery regiment, as well as support troops were placed under the command of the 5th Armored Division. To comply with FRG organizational structure, elements of the French division were combined into a brigade.

With 3,500 men, 100 wheeled vehicles, and 184 tracked vehicles, the allies reinforced the Red command units across the Rhine River. The fact that France had, for the first time, integrated combat units and even placed them under a FRG commander is seen as a clear political signal. (France withdrew from the NATO military organization in 1966.) According to statements by the FRG army chief of staff, Lt Gen von Sandrat, what was begun with "Franconian Shield" is supposed to be continued in II Corps' large-scale exercise next year. Elements of the French "Rapid Action Force" will then practice forward defense, along with their FRG allies.

According to General Mouton, there were no difficulties in working with the Germans. Communication with one another took place almost without problems. Many French officers speak German. In addition, liaison officers were exchanged between the FRG division and the French brigade. Although French is still an official NATO language, it was not used within the units as much as English which, in practice, is required even down to the platoon leader level. In view of closer future cooperation with our French allies, it would be desirable for more FRG soldiers to be able to speak French well enough to communicate without outside help.

At least that is what is wanted by FRG Defense Minister Manfred Woerner, who personally observed on-site the allies' cooperation and performance capabilities.

There is no doubt about those capabilities, and this was stressed by participating FRG combat unit officers. Contacts for many years with FRG army elements--the French 1st Armored Division has been stationed in Rheinland-Pfalz since 1950--surely made this frictionless cooperation easier.

If one is wondering about the good language abilities of our allies, much of this is explained by the fact that the majority of the division comes from the border area. Many draftees come from Alsace and Lorraine.

The French combat units did not include reservists in this exercise. Except for some specialists who were assigned to support services, the unit consisted of draftees and career soldiers. In contrast with the FRG side, which mobilized some 12,000 reservists, the French brigade arrived with those troops who are permanently stationed in the FRG. With the inclusion of a field bakery, the brigade was also broadly self-sufficient from the logistical viewpoint. FRG forces had to provide them with very little support.

The main weapon in the hands of the brigade commander was the two armored regiments, the 1st Cuirassiers Regiment and the 6th Dragoons Regiment. Both regiments have a long tradition. They were founded in the 17th century. Although they are today equipped with type AMX battle tanks, they have retained the names--cuirassiers and dragons--which are rich in tradition. For more than 300 years, they have not changed their terms of reference. Both regiments belong to the heavy cavalry, which has often brought about victory in battle through its striking power. With fire and movement, they carried out their mission in "Franconian Shield" in this manner as well.

[Box, page 593] A French armored division usually consists of 9-10 regiments. It includes

- 1 reconnaissance company
- 2 armored infantry regiments
- 1 motorized infantry regiment
- 2 or 3 armored regiments
- 2 artillery regiments
- 1 combat engineer regiment
- 1 headquarters and supply regiment

It has a strength of 9,500 men, and it is equipped with 600 track vehicles. A French regiment corresponds to an FRG battalion.

[Box, page 593] The 1st Armored Division is part of the French II Corps. II Corps is stationed in the FRG. The headquarters is located in Baden-Baden.

It is made up of corps headquarters staff, corps troop units, 1 logistical support brigade; and 3 armored divisions:

--1st Armored Division, with division headquarters in Trier

--3rd Armored Division, with division headquarters in Freiburg

--5th Armored Division, with division headquarters in Landau.

13275/9190

CSO: 3620/127

**ARMED FORCES COMMANDER VALTANEN WARNS OF FUNDS SHORTAGE**

Helsinki SUOMEN KUVALEHTI in Finnish 19 Dec 86 pp 35-37

[Interview with Gen Jaakko Valtanen, commander of the Armed Forces, by Risto Lindstedt, on the occasion of a visit to Fort Uto on 9 December 1986.]

[Text] If we do not get funds, the only means remaining is to change the tasks. Jaakko Valtanen, commander of the Armed Forces, sees visions of calculated risks.

In the course of the autumn, the discussion around the Armed Forces has focused on the army's funds. They have comprised about 1.5 percent of the gross national product and about 5 percent of the state expenditure. The technical increase, i.e. the more rapid price increase of defense material than in the general price level, equals over 5 percent per year. The recommendations of the third, and so far the last, parliamentary defense committee have not completely materialized during the past four years. In acquisitions the lag is about 500 million markkas. In the course of the autumn, Commander, Gen Jaakko Valtanen, has frequently reminded us of the fact that, judging by that, the funds will not be sufficient for the acquisitions of the 1990's, either. A contributing factor is the rapid increase in the technology of the defense material.

The discussion on funds can also be viewed from another perspective.

[Question] Has a grouping between the basic organizations and institutions been re-activated in this society, and, consequently, would the discussion around the Armed Forces be partly a reflection of this process? Is there something else, besides funds, behind the discussion on the funds?

[Answer] I have not been able to think of it in such a way. We have succeeded quite well in integrating the Armed Forces into society. There are no disagreements or basic conflicts between the Armed Forces and the different circles of society.

But it has also meant that we have to be open in order to be able to keep this position. Society is becoming more and more open also in other aspects and the Armed Forces cannot withdraw at this stage of development.

The essence of compulsory military service is that we are part of society. In other words, in the form of compulsory military service, society exists within the Armed Forces. We have continuous democratic control over what we are doing. For this control to work for the benefit of both the society and the Armed Forces, we have to know what is going on in the institution.

In this regard, parliamentary committees have been an important mechanism. In fact, that is how the discussion in the autumn started.

The first parliamentary committee defined the tasks of the Armed Forces; a law was passed on it in the mid-70's. Based on the law, the second committee defined the performance requirement and the third the economic foundations. The prerequisites were established for the development of the Armed Forces in a composed atmosphere.

That it ended up in a defense committee was something new. However, the committee considered that the tasks of the Armed Forces have to be carried out completely; we have to catch up, compensations have to be made for the technological increase and, in the development, we should adhere to the policy of the three earlier committees.

After the opinions of the committee were expressed, the starting point has clearly been at a lower level. This is the reason why I have tried to convey the perspective of the Armed Forces.

It seems that the road of the defense committees has come to an end for the time being.

[Question] In your opinion, which factors have contributed to the weakening of the efficiency of parliamentary defense preparation?

[Answer] The third committee, in which I was an expert member, considered preparation at the level of civil servants to be sufficient, since long-range development foundations had been established. It lead into a discussion on the necessity of preparation by a committee.

I consider the assessment of the needs of the Armed Forces at a professional social level absolutely necessary. The parliamentary defense committee has been a good organ. From our point of view, it has not been weaker than the earlier committees even though this committee did not arrive at proposals consisting of markkas.

I cannot say what other reasons there may be here. There is general agreement on the position of the Armed Forces in society and the citizens have a rather strong positive attitude.

#### Armed Forces Should not Be Election Theme

In Finland it has been difficult and awkward to discuss preparedness, crisis management and defense funds. Being branded as a militant or a warmonger is likely. A practical example of these pressures could be the withdrawal of the legislation package on readiness from the parliament last spring. All polls on the will of national defense indicate continuing high percentage figures.

[Question] Where is the conflict hidden?

[Answer] On some occasions I have referred to Paavo Haavikko's opinions in the book "Kansakunnan linja" [Policy of the Nation]. We are lacking in the defense tradition. During the Swedish rule, Sweden took over the defense duties and Finland fed live manpower into it. There was no major financial burden. In the 1800's, Czarist Russia took care of the defense, all we had was our own small guard. When the nation was born, we had to concentrate the resources on other issues than defense. It has only been during the last wars that Finns have had an actual defense encumbrance.

We have not had a permanent investment in defense for reasons which are quite understandable. After World War II, we had enormous social duties. Regarding materials, we managed as long as we had goods left over from the wars. It is fortunate that Finland's current security situation is good. Therefore, it is difficult to understand the needs of the Armed Forces.

[Question] While the value of the Armed Forces traditionally has been considered as a factor of security policy, is that value now being considered as a factor of domestic policy?

[Answer] We are now approaching values concerned with domestic policy and party politics which I would not like to touch. The national defense policy is part of the security policy and it has to be viewed with its dimensions.

The Armed Forces have had a definite position in security policy. It has not been militaristic or out of proportion. We have adjusted to the idea of maintaining the defense ability at a very low level.

However, during the past few years of its development, it has been at a level which has made it possible to maintain credibility; Finland will, even in difficult situations, remain under the control of Finland.

I am very sorry that people want see a conflict between the military leadership and the political leadership. The Armed Forces should not be drawn, not even now before the elections, into an electoral theme. While we do not participate in party politics, we should not be used as a means in party politics, either.

If one reads Prime Minister Sorsa's speech given in a defense course and these opinions of mine, it is difficult to find a conflict between them. He talked about the past while I am worried about the future.

I have repeatedly expressed my opinions about the positive development of the defense preparedness at the beginning of the 70's and 80's. In that, the long-term chairman of the defense council, Prime Minister Sorsa, has had a praiseworthy role.

It must be said in all honesty that he, as the prime minister, and his cabinet have addressed several difficult issues and, as far as we are concerned, in an excellent way. A lot of positive developments have occurred.

In my statements I have, to a large extent, based my opinions on those of the defense committees.

[Question] I thought it was great to watch the rock-concert on television on Independence Day when 6,000 young people sang Maamme-laulu [national anthem] with Juice Leskinen conducting...

[Answer] Wasn't it.

[Question] ...it almost sent shivers down my back. The situation had a very strong hidden charge.

[Answer] I completely agree with you.

#### Why Train if Equipping Is not Possible

During the autumn, Valtanen has focused on the disproportion between the tasks set to the Armed Forces and the financial resources. If we do not get funds, the only means remaining is to change the tasks. At a luncheon of editors-in-chief, at the beginning of December, Valtanen estimated that in the next decade we will have to revise the tasks of the entire Armed Forces. [Question] Is it also justified for other than economic reasons?

[Answer] We have a good law on the tasks of the Armed Forces. It should not be changed. The Armed Forces must be subject to continuous development, and not only to technical development. There are several other factors as well, which make it essential for us to stay up to date in the development. We have been developing our own defense system; during the past few years we have begun to talk about crisis management. About the fact that we could anticipate the dangers involved in international politics better in the future than today. We should use all means in order to stay outside military conflicts. I have emphasized the importance of anticipating political and military decision-making. We have begun to invest in intelligence, surveillance and other preparedness activities.

While redefining the tasks, I have mainly talked about the reserve. With the compulsory military service, a large reserve results. If, in the future, we do not have the potential to equip this group, it is very difficult, from the basis of compulsory military service, to justify why everybody should be trained.

I have a feeling that there is very little social desire in Finland to change the system of compulsory military service.

[Question] In that case, what was the implication in your reference to giving up of the system of compulsory military service in the form that we now have it; does it imply the idea of a mixture of compulsory military service and a professional army?

[Answer] I have not proposed giving up the system of compulsory military service. On the contrary. Even though the share of recruited personnel is increasing in the air force, the navy and, gradually, also in the army, the

foundation lies in the compulsory military service. It is the most important potential power factor in the defense of a small nation.

I have actually posed the question like this: if we now equip, in the order of priority, only a protective group of 250,000 men, and if we seriously lag in it, what shall we do with the remainder? Shall we try to continue equipping it with this ever-more obsolete three-line rifle weaponry, or could some other solution be found.

I have no clear opinion. The envisioned question is more about what should be done if we cannot afford to maintain the entire reserve. This is not only a military issue, but naturally a social question as well.

[Question] Was your proposal about having legislation on defense budget somehow associated with this envisioned question? What kind of issues did you want to discard while throwing this kind of a test ball which the defense minister was quick to catch into his pocket?

[Answer] A social discussion is necessary so that the resources of the Armed Forces would be provided on the basis of social assessments.

If the parliamentary defense committee system with its proposals does not function, would another alternative be to tie the resources to laws of definite duration? In that case, a social assessment and discussion would take place when the law is being made. The defense expenditures are almost the only expenses not regulated by law.

The idea did not interest anyone, and it is not a good alternative for us, either. It would be a very stiff system.

In the system of order authorization, we receive the order authorization for separately considered acquisitions, usually for the period of five years. They have overlapped nicely and formed a good chain.

The tone of the speech that Valtanen gave at the luncheon of the editors-in-chief was considered to have been exceptionally stern. The commander had already discussed the same theme in the security seminar of the parliamentary defense committee in September. Now Valtanen used more direct metaphors. When the sentence "one third of the material has been manufactured before World War II and is rapidly becoming useless" changed into "one third could be sold as scrap metal and be melted," the news threshold had been crossed. [Question] Is there more concern about the future development at the main headquarters than people "on the outside" have guessed?

[Answer] No! The atmosphere in the Armed Forces is positive and optimistic. However, we do have open issues concerning the revision of the organization and also, to some extent, due to the lag.

It is my job to keep the decision-makers, and the general public as well, informed about what is going on. I do not want to be so shortsighted that I would only try to manage until the end of my term. It would be irresponsible.

I feel that my role is somewhat like that of an executive. One has to anticipated and try to guide the development of the institution a little further than one's own term in office.

On the occasion with the editors-in-chief, I did use more direct expressions while I believed that the people present knew that it had been agreed with the association of the editors-in-chief that the presentation will be background information. Therefore I did not give out a written copy of my speech.

If the speech was considered stern, it probably was the first time for me. After a speech like this, there are always people who pat you on the back but that does not promote our cause.

Of course, I can still afford to be calm and agreeable, and I guess that is how people see me.

It has also been suggested that there is not such a deterrent image between peace and total war which would be suitable to Finland's neutrality policy.  
[Question] While you have proposed the need for a law on preparedness, are we concerned with the same viewpoint; a new gray zone between the current doctrines?

[Answer] While our entire defense policy aims at staying outside of a war, our legislation renders only a total peace or a total war possible. The society is not ready, at a legislative level, to become gradually mobilized in order to prevent these threats.

The legislation on preparedness is a braking mechanism with which we respond to threatening situations in our surroundings and intercept them already at their earliest sign. That is what crisis management is about.

From our point of view, legislation on preparedness is very simple and simplified. In the interim legislation, all rights of citizens and social viewpoints will naturally have to be guaranteed.

After announcing mobilization and declaring war, we get all resources; we can possess vehicles, land areas, etc.

But, we would already need them at this interim stage. If we hire air and maritime surveillance troops, they should be equipped with vehicles, communication should be arranged for them, they should have the authority to rent space for material storage, they should be allowed to build forts, to make passages on the coast, so that our own transportation can be secured but others are prevented from using them.

There are innumerable practical measures for which we should have authorization. The threats all come at the same time, so that there will not be time to make this legislation at that point. It is as if the current legislation were waiting for that war to start, so that they could declare martial law and to give authorization to the military. I think this is contradictory with the endeavors of our security policy.

### Rationalization Carried Too Far

[Question] When you took office three years ago, you announced that during your term as commander you want to promote the reform of the personnel structure and the organization. What is the status of this issue now that you are half way through your period as commander?

[Answer] The first thing I did was to tackle the issue of developing crisis management. On the background, there was the defense committees' statement about the fact that more likely than an open war would be the threat of a long-term crisis focusing on our country. I wanted to find out what it means in practice from the military point of view. From there emerged this crisis management which I introduced two years ago in the Paasikivi Association.

The second issue was the organizational reform. For ten years there had been talk about the shortage of personnel but to no avail. I made the decision that that was the end of complaining and that structural rationalization will be implemented to the extent it is possible. The Armed Forces currently takes 20 percent from its personnel organization and applies them to new tasks.

The third issue was the system of training of the personnel. I assigned people to find out what would be a new system which would be properly integrated in the educational system of the rest of the society. In the new school and university system, the Armed Forces must be competitive so that not only those who are left out of the educational system come to the military.

Two of the issues mentioned before are in rather good shape. The third is progressing slowly since the reform is costly.

The shortage of funds has caused cross currents between the different branches. Increasing numbers of young officers have resigned, for reasons of pay. In the salary range of warrant officers and in the development of military ranks, a lot of progress has taken place in the past ten years plus, [Question] but, in the end, has that development caused more frustration than efficiency; trained people are returning to their previous jobs.

[Answer] No, it has not. Efforts are being made to straighten out and fix the grievances you mentioned, with an organizational reform. Quite frequently, these pressures are results of organizational-policy factors. Among officers, warrant officers and recruits, the training system is naturally seen as a way of being promoted, which is automatically associated with financial results.

The new training system starts from the fact that officers' training is integrated into general graduate studies and warrant officers' training to undergraduate studies, and that appropriate tasks and salaries will be found for both of them. In other words, the undergraduate officers would form the company officers and the graduate officers a so-called field grade battalion, officers and from there up.

In principle, this looks good but it seems to be a rather costly operation. We have not dared to set any schedules. The middle-level school reform requires certain actions in warrant officers' training, but I believe that they can be made without a major overhaul. At the same time, we have to make sure that we

make it possible for the university education to be integrated into the system. Planning is going on.

#### Embarrassing Dialogue

Not so long ago, the spokesmen for the Armed Forces, when issuing various statements and opinions, were Valtanen, Klenberg, Hagglund. Recently, the voice has been the commander's voice.

[Question] How do you see the potential and the willingness of the Armed Forces in participating in public dialogue?

[Answer] We are part of society and we have to participate in public dialogue. Our hierachial system per se sets some obstacles, which actually no other organization h.s. We have clear a precise structural organization at various levels and each superior is also a subordinate. It has its own braking mechanism.

Actually I believe that it is good. Let us think of the speeches I have given. It would be quite unusual, and I do not even think it would be appropriate, that these same themes would be cultivated at the different levels of the organization.

Traditionally it has been so that the issues associated with development and financial questions have been the commander's responsibility. Other officers speak about national defense and military issues. I think that the system has functioned quite well.

The missile confusion of Lake Inari, the submarine controversy, the public discussion on the Anthan case, the book dispute with WSOY [Werner Soderstrom Osakeyhtio, publishing house]--all these events can be seen as individual occasions within a short period of time or as a sign of indigestion in the Armed Forces. [Question] Have these issues increased the withdrawal into the porcupine defense in regard to publicity?

[Answer] I do not believe so. I am ready to admit that the dialogue around certain events was by nature such that it would have been better left undone. It has been not at all desirable regarding the image of the Armed Forces.

I have no such feeling that we shculd withdraw anywhere.

The media have had a positive and matter-of-fact attitude towards the Armed Forces compared with many other institutions of the society. I have received a professional and objective response to the openness which I have tried to represent.

#### Wrong Starting Point in Comparison

The research into security policy and strategy is on a narrow basis in Finland; it is conducted mainly in the form of work assignments and demonstrations of skill in narrow circles and with a small number of personnel. Partly as a result of it, the military themes in public dialogue frequently originate abroad.

[Question] After all, is it so that we have a rather weak image of our military-policy environment and, accordingly, very few thought models which have emerged from a national basis?

[Answer] Compared with the superpowers' military-policy research, our research and systems are minor, of course. We have no such system which would make it possible for us to observe the global activities of military alliances; in that regard we are at the mercy of the media. We have rather limited possibilities, for example, to analyze the development of nuclear weapons technology.

On the other hand, we have invested in the research of our own military-policy surroundings. We are rather well-informed about the situation in the Nordic countries.

The Institute of War Studies has been partly reorganized, we have a strategic research group, the Defense Ministry has a research expert and, in the headquarters, we are conducting continuous doctrine research, both in writing the regulations and otherwise. Uninterrupted study and research is going on to develop our defense organization. We are at the level of the small European countries, as far as knowledge is concerned.

But then, we do not have the academic research that America, for example, has. There one professor after another tells in public what a superpower's military doctrine should be like and we do not always know what is official and what is a product of some university research institute.

Also in this regard, defense committees are extremely useful. Based on well-prepared and carefully assembled material, they have explained the security situation in Europe, the Nordic countries and Finland, as well as attempted to draw conclusions. They have been realistic, simplified and functional.

I have a very high opinion of the work of these committees. Sometimes they have been called the handbooks of generals; I reject such an implication.

[Question] Has the emphasis on the continuous development of the weapons technology overshadowed some other essential views. Is there a paradigm which recognizes only the reality which has been fed into the public for years with a certain purpose and for political reasons; In a way the flood of information has sucked the technical myth in its flow?

[Answer] This may be true. If we take a superpower's political resources into one hand and then, in the other hand, try to outline the Finnish resources, we can only draw the conclusion that things will not go well for us.

We forget that such a comparison is not correct. Resources and efficiency should always be compared to the tasks which have been assigned. It will lead into a much more optimistic result.

We cannot quite see that Finland has potential to succeed in its defense just as we have succeeded, for example, in economic and intellectual competition.

PHOTO CAPTION

1. p 35.

"In all countries, national defense has to be established on calculated risks. Due to the sparsity of resources, also our defense has been built on certain accepted risks. During the past 10-15 years, we have been able to develop nothing but the surveillance over our territory as well as its air and maritime defense."—Commander Jaakko Valtanen visited Fort Uto on 9 December.

12956  
CSO: 3617/44

**ISNARD EXAMINES CRISIS IN DEFENSE INDUSTRIES****Varied Industry Response**

Paris LE MONDE in French 31 Jan 87 spec sec "Affaires" p 9

[Article by Jacques Isnard]

[Text] There is no need whatsoever to invoke "classified defense matter" because the authoritative report is public: France has an increasingly difficult time selling its weapons. We were so accustomed at seeing our country solidly located in third place (ranking behind the United States and the Soviet Union) among weapons manufacturing states that we have nearly forgotten that, there too, the sector is subject to economic laws as well as to competition. Today, we have to change our tune. The French weapons industries are not immune from the knife of job cuts, and French foreign trade is suffering from the drop in export orders. This is a bad omen in a sector which, for a long time, had the reputation of enabling the French economy to offset its end-of-month deficits.

Not all the companies involved are shaky. But all are impacted to some degree or other. The Industrial Group for Armaments (GIAT), which includes public entities specializing in ground weapons, has declared itself to be overstaffed. It will have to cut its blue-collar positions from 2,800 to 3,600 before 1990, that is, a quarter of its personnel. The Dassault-Breguet group and Aero-spatiale are also getting ready to "cut the fat," according to the term of their general managers. This is in the order of some 1,000 personnel in each of the two companies.

These are examples among others. However, they are the best known because they represent three key sectors of the weapons industry. They are also the most consequential because these enterprises are, each in its own field, leaders which generate work for a number of small- or medium-sized French companies, often in regions that are already underprivileged.

Beginning in 1981, France came to think that it could fill up at the cornucopia. Thanks to "nonroutine" agreements signed with Saudi Arabia, Iraq, and the United States, France had roped in nearly 100 billion francs' worth of orders. This is fabulous. But today the French industrialists have the feeling that their

"golden age" is over: They must face an international market in the midst of "deregulation" where the only game in town is a no-holds-barred contest among competitors without ethical or legal restraints.

The global environment has evolved considerably. The rivalry between the United States and the Soviet Union has led the two governments to spend even more on military-oriented research and technology, with the medium-sized powers getting out of breath in trying to follow them. The drop in the value of the U.S. dollar, which continues to be the base currency in this sector, promotes American exports. Finally, military equipment is now designed to last longer and its replacement need not be so rapid.

In the face of this decline, the French companies are adopting different attitudes. For example, GIAT has undertaken to convince Saudi Arabia and other Persian Gulf emirates to purchase from it its latest armored vehicle, the AMX-40 battle tank, especially designed for foreign customers. Dassault is reorganizing its management structure and is pressuring the French Government to finally come to a decision on its Rafale program, the new combat aircraft likely to compete with European models. Aerospatiale on its part is pressing ahead in all directions, striving to increase the number of its industrial alliances with customers in order to strengthen their loyalty to the company.

"We shall continue to suffer till 1989," most of the manufacturers concede. The production cycle of some highly sophisticated weapons may stretch over 3 years and longer. This is so true that the slowing down of orders observed in 1985 and 1986 will lead to a further drop in sales.

There are many companies which under these conditions have chosen to move boldly forward in two markets in particular: North America and Southeast Asia. The former represents an attractive feather in the cap of French industrialists such as Matra, Thomson, SNECMA, or Aerospatiale, which have chalked up some successes there. For some 2 years now, the second market has been the scene of prospecting, and French enterprises are hoping to reap the fruits of their labor soon. They must simply have the means to wait.

#### Giraud Faults Lack of Aggressiveness

Paris LE MONDE in French 31 Jan 87 spec sec "Affaires" p 9

[Article by Jacques Isnard]

[Text] While weapons manufacturers are singing the blues at the prospect of a few lean years ahead, the French Government and more specifically the Ministry of Defense, which is supposed to oversee them, are not mincing their words. The cause of this anger is the lack of know-how of companies, private or nationalized, in carrying out their activities abroad. This is a full-fledged attack against the responsible technical and marketing teams which, according to the defense department of Andre Giraud, have blown a few export deals.

The criticisms of the Ministry of Defense and particularly those of the officials of its General Delegation for Armament reiterate as a theme that in the face of their competitors, French industrialists lack aggressiveness or punch completely--the very element which makes firms the winners in multi-faceted markets, technical and financial but primarily psycho-political.

These changes are premised on the numerous marketing deficiencies found on the spot. Indeed, regret has been expressed at the Ministry of Defense that the French producers do not sufficiently strive to determine the needs of their customers under the pretext that their products are the best and that they do not need to adjust to the requirements of a potential buyer. In a market which is naturally export-oriented, special efforts would be in order. That is far from being the rule. The "presale" departments of French companies are often neglected areas.

Another charge is the weakness, even the absence, of a sales follow-up service and, when it exists, its slowness in responding instantaneously to a specific need of the user.

Finally, a last reproach: The difficulty experienced by numerous arms manufacturers in adhering to financial terms and contractual delivery dates. Too many customers are complaining. But in France is this true only of the weapons sector? No, it is more of a national deficiency.... In no way impressed by this volley of accusations, the firms concerned answer the French Government as follows: "If the public administration itself were less meddling and more dynamic," an industrialist noted, "it would stop giving us a hard time." One of his colleagues was even blunter: "If the government knew how to sell, we would know it."

#### Photo Caption

Thomson, Matra, and GIAT are jointly proposing a new antiaircraft defense system [photo not reproduced].

2662/12851  
CSO: 3519/66

**POLITICIZATION OF AIR FORCE ALLEGED**

Athens I KATHIMERINI in Greek 30 Jan 87 pp 1, 3

/Text/ Contained in an open letter by a retired air force officer is a most serious charge about the government's responsibility in the air force's being greatly weakened because of unadulterated partisanship. The letter in question was addressed to the president of the republic, the prime minister and the head of the major government opposition party.

The letter, written by Air Force Brig Gen Evang. Fytidis (Ret.), makes the following charges:

Between 1982 and the present, the air force has been stripped of its most distinguished officers. Today, unfortunately for the nation, PASOK's hand in the air force makes decisions on the future of this country.

Everybody knows that the present air force leadership divulges for some time to both friends and enemies "selections made" by KYSEA /Government Council for National Defense/ before the latter decides on promotions. However, if PASOK refuses to see that it has placed the air force in the hands of its partisan officials, with all the tragic consequences for the nation, I make a public appeal to the prime minister to immediately put an end to partisanship and purges in the air force.

Partisanship in the air force has reached the point where air force officers who do not know English sufficiently well, something that is an absolute requirement for them to carry out their mission successfully, are assigned abroad in "key" positions. The air force is a small family; everyone knows everyone else. When they see an air force attache in a big western country with zero knowledge of English, without any flight qualifications and even without any more general experience they laugh because they know that this assignment is his reward for service rendered to PASOK as a security chief of the GEA /Air Force General Staff/.

The air force also laughs about promotions and assignments of certain officers who assume command of large and critical units although they have no air force qualifications and although they have no experience in commanding air force squadrons.

Vice Admiral Papas, former navy chief, in an interview with the periodical ENA, made the following charges:

1. Mr A. Drosogiannis, former alternate minister of national defense, used to intervene in making deliberate efforts to downgrade the navy.
2. Mr Drosogiannis is a nervous person with unprincipled behavior who was nothing other than "a lieutenant colonel wearing peasant's shoes." He had no concept about defense matters. "How can he understand the mind of the navy, the strength of the navy in a country that is predominantly maritime?"
3. It is evident that the navy was never favored by the state budget.
4. As long as Drosogiannis remains in government "we w'll dream about coups d'etat." He has unjustifiably upset us. The man does not have any idea of what he is doing.

5671  
CSO: 3521/75

**VAT APPLIED TO MILITARY EQUIPMENT PURCHASES**

Athens EMBISTEVTIKO GRAMMA in Greek 8 Jan 87 p 3

[Text] The Value Added Tax will be applied also to the purchases of the Armed Forces, which up to now have been exempt from such taxation. According to reports, the rate for these procurements will be 18 percent. This fact has given rise to understandable uneasiness in military circles, since the increase which the 1987 budget provides in the appropriations for the Armed Forces is 16 percent over the appropriations for 1986. That is, it is 2 percentage points lower than the level of taxation which will be imposed on the necessary purchases for the three service branches.

Given this state of affairs--that is, the reduction in the available appropriations--it is certain that no program of strengthening and modernizing the Armed Forces will be advanced this year. In any case, the only programs in the budget of the Ministry of National Defense are the jeeps of the Stagier company, amounting to 2.5 billion drachmas (as the first installment out of a total sum of 9 billion drachmas) and the antiaircraft system "Artemis" of the EVO [Greek Arms Industry], amounting to 4 billion drachmas. But it should not be forgotten that these programs are "expediency programs" for the sake of the state industries, and first and foremost for the purpose of keeping Stagier alive, since its viability has become problematic. A sign of the correctness of this assessment is the fact that the 2.5 billion drachmas is a part of the assumed obligations of the Ministry of National Defense, without the relevant agreement having been signed yet, an agreement which will involve the purchase of 10,000 jeeps.

12114  
CSO: 3521/60

**MILITARY SERVICE REGULATIONS TO ACHIEVE OPERATIONAL IMPROVEMENT**

Madrid EL PAIS in Spanish 12 Jan 87 p 16

[Article by Carlos Yarnoz; first paragraph is EL PAIS introduction]

[Text] Madrid--The Ministry of Defense is preparing a regulation which will establish the conditions for fulfilling military service. The objective of the regulation is the better use of time in service. The soldiers will carry out duties exclusively related to operational military activities. In this way, the Ministry of Defense plans to stop using soldiers for activities that do not pertain to military service like waiting on people or doing laundry.

That regulation will also include the conditions that must exist in the barracks to prevent accidents among the soldiers. The reduction of the number of accidents among soldiers--while handling arms as well as other activities--is one of the aspects that most concerns the Army General Staff now. The regulation will also cover the social activities of the soldier.

Technicians of the Assistant Secretariat of Defense, headed by Gustavo Suarez Partierra, have been working for several months on that regulation. However, it has not yet been decided whether it will be handled as a decree, a regulation, or a ministerial order. In any case, it is the second part of the development of two general regulations on military service--the Military Service Law and the regulation, both already approved.

The first part of the development of both regulations is already completed. This entailed drawing up formulas for recruitment and incorporation while the second part, which has greater political effect, will cover military service itself. According to surveys among the soldiers, a high percentage believes that much time is lost in the military, basically because few hours are devoted to training the soldier.

This project of the Ministry of Defense is one of the three that will shape the future activities of the department under the assistant secretariat. The other two will be the reform of military education and the future law on military duty. With respect to education, a General Directorate of Education--until now an assistant directorate--has just been created. It will be under Suarez Partierra.

The future law on military duty will define the military career from entrance into the academies to promotion to the top levels. The law will establish /sifting processes/ [in italics] for promotions, formulas for classifications, the conditions to request certain assignments, and systems so that the rate of promotion is similar in the three branches.

In the area of defense policy, the three most outstanding activities are the reduction of U.S. troops in Spain, negotiation of the military contribution to NATO, and elaboration of a new PEC [Joint Strategic Plan].

7717  
CSO: 3548/37

MERCHANT SHIPS OF EAST BLOC STATES SEEN CONDUCTING ESPIONAGE

Stockholm SVENSKA DAGBLADET in Swedish 2 Jan 87 p 6

[Article by Lars Christiansson, Roger Magnergard and Sune Olofson]

[Text] After extensive studies and analysis the defense system believes that Soviet, Polish and East German merchant ships sailing in Swedish waters are routinely used for illegal intelligence activities directed against Sweden.

The defense system has evidence that Soviet and other East bloc merchant ships are engaged in advanced radio intelligence activities in conjunction with Swedish military exercises. It is also the opinion of the military that merchant ships are used to illegally bring intelligence agents into and out of the country as well.

And there are observations and information that strongly suggest that some of the merchant ships also play a supporting role in submarine operations directed against Sweden.

Each crew on a Soviet merchant ship includes not only political officers but often KGB personnel with direct intelligence assignments as well.

Organizationally these Soviet "seamen" in the merchant fleet are supervised by the first section of the KGB which is known as "K Committee."

Natural Role

From the Soviet point of view the merchant fleet plays a natural role as part of the combined armed services. This is clearly illustrated in writings and statements by the former chief of the Soviet Navy, Admiral Sergei Gorzhkov, who is responsible for the organization, theory and expansion of the Soviet naval force. He published his ideas in the book "The State's Naval Power." There he stresses among other things the importance and role of the merchant fleet in the armed forces.

As Gorzhkov sees it, the merchant fleet is also a natural part of Soviet intelligence activities.

Today the Soviet merchant fleet is very large and it has grown at a rapid pace by around 400 percent over the last 20 years.

#### Military Shipping Firms

Each shipping firm in the Soviet Union, East Germany and Poland has an intelligence section attached to it that plans and directs the intelligence work carried out by the merchant ships.

Before leaving home port, the ship's captain, the political officer and probably the radiotelegraph operator as well are briefed by the section about intelligence-gathering objectives, special tasks and a list of Swedish radio frequencies to listen in on. These tasks are often supplemented by radio instructions while the voyage is in progress.

In recent years the Swedish authorities have paid a great deal of attention to merchant ships and the actions of their crews on Swedish territory. The government is kept informed of the results of this work.

Each year almost 2,000 merchant ships sail into Swedish ocean territory from the East bloc and more than 3,800 Soviet ships travel in international waters between Oland and Gotland each month.

#### Submarine Support

According to several sources well-informed about military matters information has come out that provides a basis for strong suspicions that some of the merchant ships have a support function in the context of foreign underwater activities. This can occur by having merchant ships act as radio relay stations between submarines and their home base.

It is also believed that ships could aid submarine navigation by sending out special signals from predetermined positions which can be used by submarines to assist navigation in tight situations.

Merchant ships have also acted in such a way that there is reason to assume that some of them have been assigned to warn submarines of the position and actions of Swedish naval forces.

The Navy suspects that foreign submarines have hidden underneath or just next to merchant ships in sensitive locations in Swedish waters. In this way the submarines could conceal themselves in the sound pattern coming from the ships. This makes it impossible for Swedish hydrophone operators to distinguish the sounds of the submarines from those of merchant ships.

#### Base for Divers

In addition merchant ships can also play a role as depots for the exchange of materiel and perhaps minisubmarine crews and act as bases for diving activities.

The Swedish Navy has made observations that suggest a link between foreign divers and merchant ships. Archipelago fishermen have also sounded the alarm about hearing audio Morse signals from shore to East bloc ships.

Swedish law prohibits the sending of radio messages by foreign merchant ships while they are in port. But Swedish authorities have found indications that East bloc ships are equipped with scrambling devices and so-called rapid transmitters that are used in contacts with spies and agents as well as with home base.

Military security experts say that if the illegal activities of merchant ships are allowed to continue unchecked they could be a threat to Swedish security.

#### No One Caught

"Like trucks, merchant ships can be used for illegal intelligence activities," said Rear Admiral Ulf Samuelsson, chief of the Defense Staff's security division. "We have strong suspicions, but we have not caught any ship red-handed."

Ulf Samuelsson confirmed that the military intelligence service has made investigations of Soviet merchant ships in cooperation with the customs service.

Ulf Samuelsson pointed out that state ships are not supervised by Swedish authorities. The Soviet Union has chosen to designate a large part of its ships as state ships.

"Ordinarily merchant ships can enter and leave Swedish territory without a permit, but state ships must report their arrival time and port," said Ulf Samuelsson.

"The special thing about the Soviet Union is the so-called educational ships that are used to train naval personnel. These ships have a large capacity, with a lot of people and reconnaissance equipment on board. The educational ships often go to small ports and pick up small cargoes.

The Navy has shown how the antennas of merchant ships are changed from year to year. The ships move around in the Baltic Sea at times and in directions that coincide with Swedish military maneuvers.

At times a ship's captain has apparently made a sudden decision to conduct a lifeboat drill, which often takes much longer than Swedish drills. Naval officers have then seen them submerge unidentified materiel in the water.

When Navy maneuvers take place, merchant ships move slowly or remain entirely stationary in the vicinity of radar stations or the military surveillance center that is directing the maneuvers. In this way Swedish military signals can be picked up.

### **Tough Discipline**

Discipline is tough on the East bloc merchant ships. The intelligence men who do not bring information home are demoted or assigned to other duties. Those who do well are rewarded with medals or by having laudatory articles complete with their pictures printed in military journals.

Sweden has liberal laws when it comes to visits by foreign seamen here. A seaman from the East bloc does not need a visa, for example.

Officers and crews have the right under Swedish law to visit a port's major community (for example, if a ship enters Sodertalje Harbor, Sodertalje is the major community) without actually entering the country as defined by the Alien Act.

This means that intelligence agents do not have to go through entry checkpoints and customs inspections. How extensive a port's major community is is determined by the police, customs agents and the military area chief.

6578

CSO: 3650/51

## ENERGY AGENCY CHIEF: INCREASED POWER CONSUMPTION CAUSES CONCERN

Stockholm SVENSKA DAGBLADET in Swedish 5 Jan 87 p 27

[Article by Sophie Petzell: "Energy Commissioner Wants Higher Prices to Check Dependence on Electricity"]

[Text] "The cost of electricity must be increased to give consumers a hint that they should try to reduce their dependence on electricity, among other things," says Hans Rode, commissioner of the Swedish Energy Authority. He is not in favor of the power companies' pledge to keep the price of electricity unchanged into the 1990's.

He also questions their statement that the real price of electricity has actually declined by 20 percent since the beginning of the 1980's. This means the companies are free to raise prices by 20 percent without actually breaking their word.

"It is obvious that consumers regard that kind of price increase as a real increase.

"The cost of electricity will increase in any case and the consumers might as well know it."

According to Hans Rode the Swedish Energy Authority will play an active role in the phasing out of nuclear power.

Parts of its work will be to steer away from the increased dependence on electricity that is partly the result of the deliberate marketing of electric heat.

## No Mistake

"No, it was not a mistake to put so much emphasis on electric heat. The cheap electricity from the nuclear power plants approved by Riksdag must be used and the power industry has been given the assignment of seeing that this is done. It is no more wrong to use cheap electricity than to use the cheap oil now."

"But the increased consumption of electricity means that we must now take away more electricity than we would have to otherwise."

Hans Rode came to the Energy Authority from Malmo a year ago. He had pursued a career as a union representative and a Social Democratic municipal councillor.

The Energy Authority was created in 1983 when a number of boards, committees and other groups of various kinds were merged into one agency.

"Putting these groups together has gone fairly well, but now it is time to create an effective and robust organization. Our activity should be pragmatic, scientific and long-range as well as creating contacts with a minimum use of authority," the new commissioner said.

It was determined early last spring that the authority would be responsible for providing the factual basis for the 1990 decision concerning a program of action to phase out nuclear power. The guidelines for this activity were ready when the accident in Chernobyl occurred.

"For this reason we were able to get to work quickly on the report requested by the government concerning the possibility of speeding up the plans to phase out nuclear power. The result was ready for presentation in October."

Hans Rode said the report is the first to illuminate the entire chain from the production of electricity to its consumption from both an economic and a technical angle. It also indicates control possibilities and the consequences of various decisions. It can be used as the basis for a decision.

Hans Rode himself does not believe nuclear power will be phased out by 1997. That would cost too much. Industrial and housing investments that have already been made would go to waste.

#### Pilot Plants

"However we must start acquiring experience now before the phase-out occurs. We must get a number of pilot plants going, including small-scale power and heating plants, wind power plants on a larger scale, advanced coal-firing and gasification technology. The talks about natural gas must be continued. Industries, households and the service sector must be made more efficient."

Hans Rode is considering the possibility of starting special branch programs. He would also like to work with municipalities on energy conservation.

"For example, can we shift the responsibility from the power industry to the consumer side, in other words to energy operations in the municipalities? We must not simply aim at developing new technology for producing electricity. We must also look into techniques we need for the reduction of electricity consumption."

Hans Rode believes that local energy enterprises should be able to change their activities and sell energy-saving heat systems instead of selling more electricity and more energy, as they do now. This would mean new work assignments for tens of thousands of people in the next few years.

## Research

He has also considered the Energy Authority's activities and set up a number of goals. One of the most important is that the agency should strive to be more scientific.

"I have more faith in long-term basic energy research than in problem-oriented research that provides short-term results. Long-term research leads to concrete results."

Hans Rode said that contacts between scientists and the agency must be improved. This involves another goal--increased cooperation among researchers, technicians and consumers.

"It should be possible for the problems and experiences of consumers to reach the ears of researchers and technicians. Everyday experiences should influence research and technical development.

"Here the Energy Authority can serve as a catalyst, receiving, processing and passing on information."

## Not a Police Agency

At the same time Hans Rode wants to tone down the agency's function as an exerciser of government authority.

"We should not hit people over the head with ordinances and law books. It is better to map out the possibilities beforehand, to point to projects and stress cooperation, than to function as a kind of police agency afterwards."

Energy conservation is also one of the agency's major tasks. This activity is discussed each month with all the boards and agencies involved.

"For example we have agreed that occasional payments and subsidies in connection with conservation are undesirable. The role of aid contributor is easy to get and easy to keep and for that reason many have spontaneously sought to make contact. But if this doesn't happen because we are getting somewhere, the contacts disappear and the aid comes to an end."

## Nuclear Power Major Source of Electricity

Last year for the first time nuclear power provided the largest share of Sweden's electricity production--50 percent. Water power was responsible for 45 percent and the rest came from oil-fired or coal-fired power plants.

Total electricity consumption in Sweden last year was 128 terawatt hours (TWh) compared to 131 TWh the year before, according to a preliminary report from the Swedish State Power Board.

Municipal auxiliary electric furnaces used 2 TWh last year compared to 5 in 1985. The demand for electricity in the winter half of the year was so great

that municipalities were unable to get cheap electricity for their regional heating systems. They had to heat primarily with oil. Since oil prices dropped sharply, this did not have a very big impact on the municipalities.

#### Fixed Consumption 125.5 TWh

The State Power Board prefers to deduct electricity consumed by the auxiliary furnaces from its statistics because it is not fixed consumption. Leaving out the auxiliary electric furnace consumption, we used 125.5 TWh of electricity last year. That is just as much as in 1985, but that winter was much colder. If we subtract the increased consumption of electricity in a cold winter, we consumed 2 percent more electricity last year than we did the year before.

Industry was responsible for a consumption increase--1 TWh. Households, businesses and the service branches reduced their consumption by the same amount. Trains and subways used just as much electricity as they did the year before.

Nuclear power provided 66.6 TWh, water power 59.4 and oil and coal 6.2 TWh.

As in previous years Sweden imported electricity from its Nordic neighbors and exported it to them--depending on the season and the demand. Last year we exported 4.4 TWh more than we imported.

#### Water Plentiful

Because water reserves are plentiful the Power Board estimates that water power will provide 63 TWh this year. Nuclear power will provide 66 TWh while oil and coal will contribute 6 TWh. The State Power Board thinks municipal auxiliary electric furnaces will get more electricity this year because it expects only a moderate increase in consumption.

The main reason for the reduction in household consumption of electricity last year was that oil was able to compete successfully with electricity in convertible household electric furnaces.

However Energy and Environmental Affairs Minister Birgitta Dahl announced on New Year's Day that increased oil consumption stemming from the low oil prices is not acceptable from an environmental point of view.

She also announced a government decision that the sulfur content of home heating oil must be cut from 0.3 to 0.2 percent. The decision will go into effect as soon as international trade organs have been notified, Dahl said. She also promised "positive incentives" for those who want to use heavy oil with a low sulfur content.

And she noted that a tax increase of 199 kronor on heating oil, bringing it up to 728 kronor per cubic meter after the first of the year, will give oil a higher variable price than domestic fuel.

6578

CSO: 3650/51

- END -

**END OF  
FICHE**

**DATE FILMED**

2 APRIL 87